

NEWFLO CORPORATION OPERATING COMPANIES AND LOCATIONS

PACO PUMPS, INC.

LOCATION	ADDRESS	PHONE	<u>USE</u>	BUILDING SQUARE FEET	OWNED/ LEASED	LOT SIZE (if owned)	ANNUAL DEPRECIATION AMOUNT (if owned)	BOOK VALUE (if owned)
Oakland, CA 94603	845 92nd Ave	510-639-3200	Sales & Service Center/ Warehouse	42,000	Leased 12/9720°	0		
Portland, OR 97210	2251 NW 30th Ave.	503-224-6330	Sales & Service Center/ Warehouse	35,450	Owned	1.34 acres	\$5,891	\$34,935-BI \$17,839- Ld
City of Commerce, CA 90040	6838 Acco St.	213-720-5161	Sales & Service Center/ Warehouse	10,500	Leased 3/98			
Dallas, TX 75236	4677 Mint Way	214-339-3156	Sales & Service Center/ Warehouse	15,600	Leased 2/01			
Seattle, WA 98168	3215 S. 116th St.	206-433-2600	Sales & Service Center/ Warehouse	10,000	Leased 10/98			
San Diego, CA 92126	9245 Dowdy Dr. Suite 207	619-536-7999	Sales/Service Representative	350	Leased 6/96			
Sacramento,CA 95814	1331 T St. Suite 20	916-443-2412	Sales/Service Representative	225	mo. to mo.			
Houston, TX	A-1 Freeman Relocation, Inc. 9619 Kirkton Dr.	713-550-1110	Exhibit Booth/ Display Storage	800	Leased mo. to mo.			
Cincinnatti OH 45242	10979 Reed Hartman Hwy #324	513-793-4143	Regional Sales Manager	312	Leased 8/96			
Peabody, MA 01960	2 Bourbon St.	508-535-8000	Regional Sales Manager	366	Leased 5/96			
Tampa, FL 33618	14502 N. Dale Mabry Dr. Suite 200	813-969-3103	Regional Sales Manager	145	Leased 11/96			





New Search | Mapping | Advanced | Google Earth | Help | PortlandOnline

2551 NW 30TH AVE - NORTHWEST INDUSTRIAL - PORTLAND

Explorer | Property | Maps | Crime | Census | Transportation

Summary | Elevation | Garbage | Hazard | Natural Resources | Photo | Property | Water | Sewer | Tax Map | UGB | Watershed | Zip Code | Zoning

City of Portland Natural Resources

The City of Portland produces and maintains maps of natural resource features, including streams and drainageways, wetlands and water bodies, trees and vegetation, flood areas, and steep slopes. The features shown on these maps provide critical watershed functions including flood storage, bank stabilization and pollution control, microclimate and shading, and food and shelter for fish and wildlife.

These maps will inform a broad array of City, regional, and community-based planning efforts and projects. The maps are currently being used to update and supplement the City's natural resource inventories. The City will use the natural resource feature maps and inventories when setting priorities for restoration projects and land acquisition sites, updating City policies and codes, and designing public education and outreach activities. The inventories will also help the City develop and implement strategies to comply with regional, state and federal requirements for habitat protection, stormwater management and pollution control.

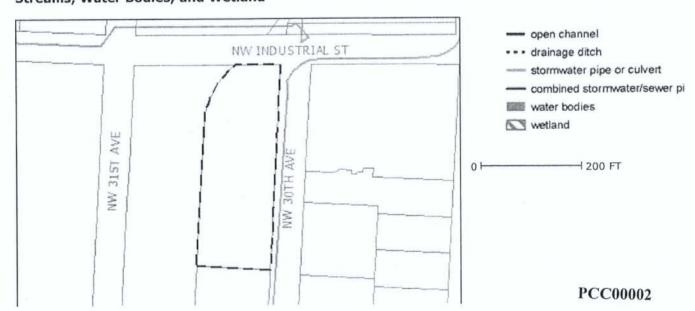
For more information on how the natural resource feature maps were created and how the City's natural resource inventories are being developed, please refer to the <u>Natural Resource Inventory project website</u>.

Map accuracy

The City of Portland uses the most accurate and up-to-date information available to create these maps. However, we are interested in hearing from you if you feel any of our natural resource features are incorrectly mapped, or if we've missed something that you feel should be mapped. We invite you to share your concerns and comments via this <u>online form</u>. Together, we can improve our understanding of both the location and importance of Portland's natural resources.

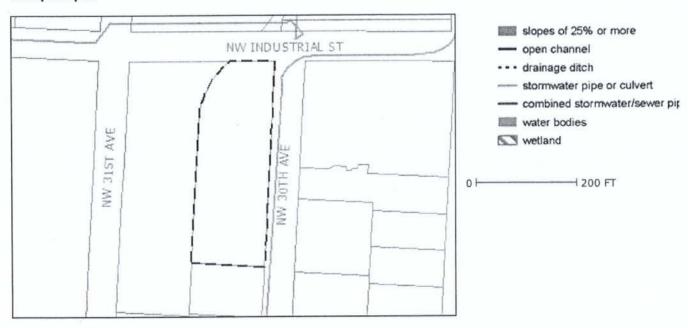
Please consider that while we strive for the most accurate maps possible, there are limits to how accurately we can map these features at the City scale, and all information is provided "as is". The City of Portland cannot accept any responsibility for error, omissions, or positional accuracy, and therefore no warranties accompany these products.

Streams, Water Bodies, and Wetland



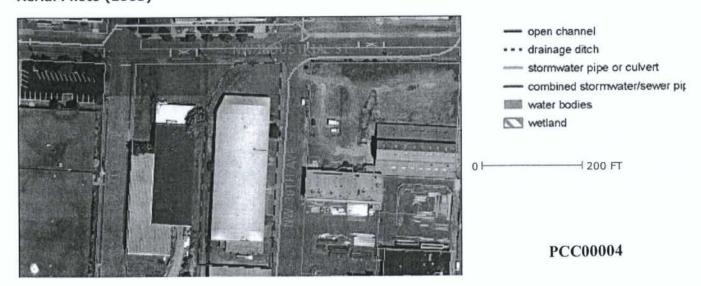
Flood areas provide many functions that benefit the overall health of a watershed. Flood area vegetation and wetlands act like sponges to help soak up water and reduce flood peaks during storms and keep streams flowing during dry periods. Periodic flooding also contributes to the distribution of nutrients between land and water. Undeveloped flood areas allow river and stream channels to migrate and evolve over time which helps to sustain a healthy stream ecosystem. When flood areas are developed these functions are impaired as vegetation and wetlands are replaced with fill, buildings and pavement. However, even developed flood areas can continue to provide periodic flood storage benefits.

Steep Slopes



Steep slopes are common in parts of Portland, especially in the West Hills and parts of the Johnson Creek Watershed. Steep slopes provide important functions relating to watershed hydrology and microclimate. Steep slopes can also be prone to landslides and erosion which pose risks to public healthy and safety, property, and fish and wildlife. Vegetation on slopes anchors soil and helps keep sediments and pollution out of the water. The vegetation on steep slopes also slows overland flow of water to waterways, reducing inchannel erosion.

Aerial Photo (2005)



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2551 NW 30TH AVE - NORTHWEST INDUSTRIAL - PORTLAND

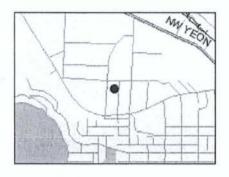
Explorer | Property | Maps | Crime | Census | Transportation

Summary | Assessor | Permits/Cases | Block | Schools | Parks | Businesses | CIPs | Development | Stormwater
Incentives | Noise | Storage Tank

2551 NW 30TH AVE

PORTLAND, OR 97210

Description	
Size n/a	
Number of Bedrooms	
Bathrooms	



Property Map



Property Value (2007)

Market Value \$0.00
Assessed Value \$0.00

Taxes (2007)

	Property Taxes \$0.00	
(4)	Total Taxes \$0.00	

Misc Info

City of Portland, Corporate GIS

Assessor Data Updated 4/28/2008

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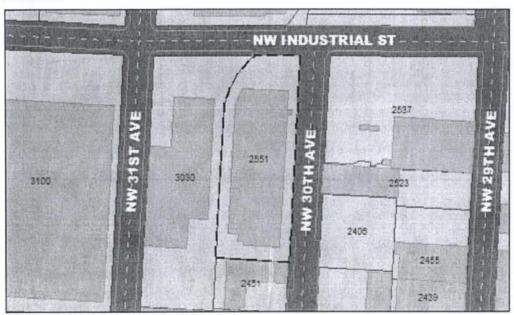
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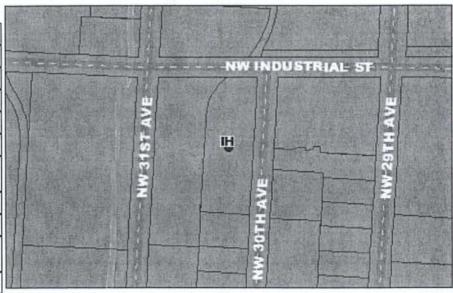
Summary | Elevation | Garbage | Hazard | Natural Resources | Photo | Property | Water | Sewer | Tax Map | UGB |
Watershed | Zip Code | Zoning

Property & Location

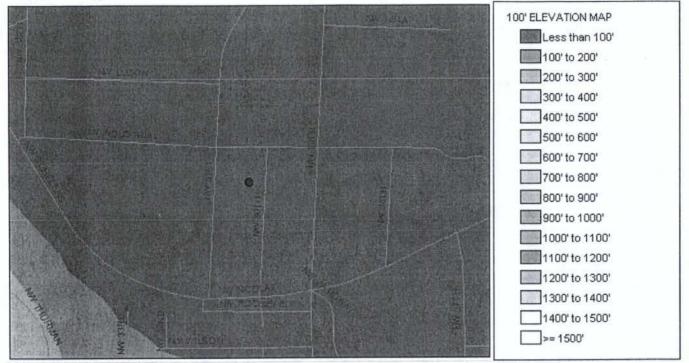


Zoning

Prope	erty
Zone	IH
Description	Heavy Industrial
Overlay	
Comp Plan	IS
Comp Plan Overlay	
Historic District	
Conservation District	
Plan District	<u>GS</u>
NRMP District	
Urban Renewal District	n/a
Zoning Map	2725



Elevation Map



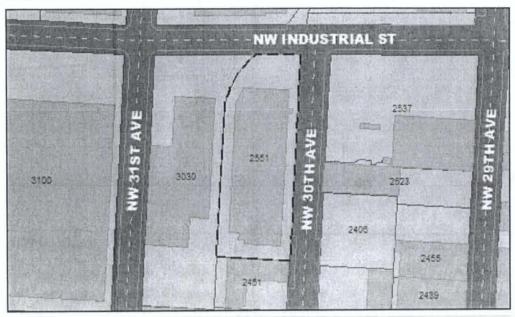
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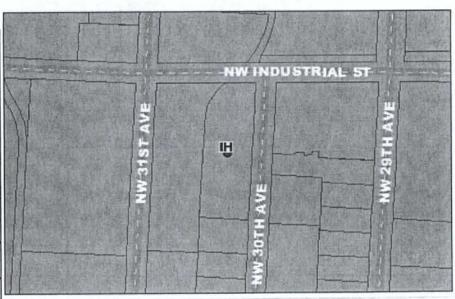
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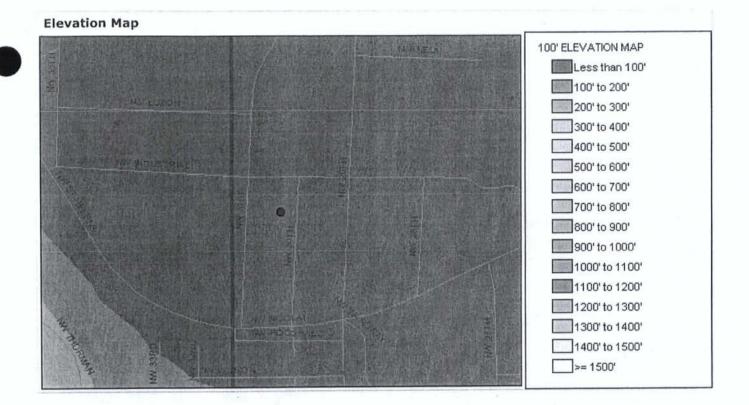
Property & Location



Zoning

Prope	erty
Zone	IH
Description	Heavy Industrial
Overlay	
Comp Plan	IS
Comp Plan Overlay	
Historic District	
Conservation District	_
Plan District	<u>GS</u>
NRMP District	
Urban Renewal District	n/a
Zoning Map	2725





1 205 FT

Portland Maps

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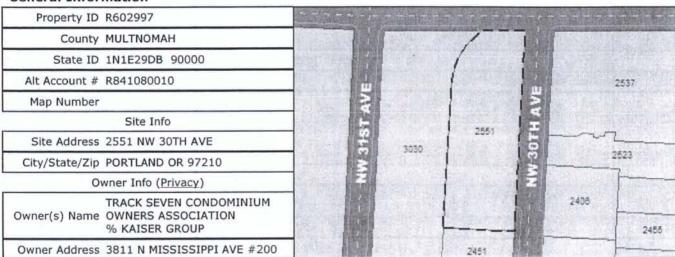
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Summary | Assessor | Permits/Cases | Block | Schools | Parks | Businesses | CIPs | Development | Stormwater Incentives | Noise | Storage Tank

General Information



Split Property

Parent ID R186860	Children n/a

Property Description

City/State/Zip PORTLAND OR 97227

Tax Roll TRACK SEVEN CONDOMINIUM, GENERAL COMMON ELEM	ENTS Use IC	
Lot	Block	
Tax Districts		

Tax Districts				
101 PORT OF PORTLAND	130 CITY OF PORTLAND			
130L CITY OF PORTLAND CHILDREN LOP	130M CITY OF PORTLAND PARKS LOP			
143 METRO	170 MULTNOMAH COUNTY			
170L MULT CO LIBRARY LOCAL OPT TAX	171 URBAN RENEWAL PORTLAND			
173 URB REN SPECIAL LEVY - PORTLAND	198 TRI-MET TRANSPORTATION			
304 MULTNOMAH CO ESD	309 PORTLAND COMM COLLEGE			
311 PORTLAND SCHOOL DIST #1				

Deed Information

Sale Date	Туре	Instrument	Sale Price
	ОТ	2007116372	\$0.00

Land Information

Туре	Acres	SQFT
		0

Improvement Information

zimprovement zim	51111dClott	
	Improvement Type	
	Improvement Value \$0.00	

Portland Maps 4 6 1

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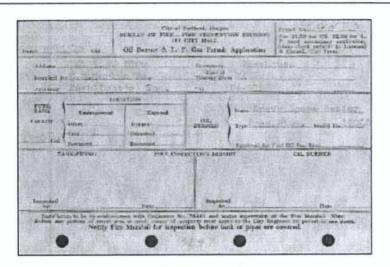
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Underground Storage Tank Permit(s)

2551 NW 30TH



View Large | Download TIFF Version

- These permits were generated by the Fire Bureau from 1936-1990 to inspect the installation and renovation of above ground and underground residential storage tanks.
- There are many areas that are within the City limits today, but were outside the city limits when the tank work was performed. We do not have any permits for those addresses (east of 92nd Avenue, south of SE Foster Rd, north of Columbia Blvd, Maywood Park, Rose City).
- Even though permits were required by the Fire Bureau, we might not have one for a particular address because it was lost or the owner never filed one. We always recommend having a tank locate performed in addition to searching this database. You can access a list of ODEQ-licensed tank companies at www.deq.state.or.us. Click on "Programs", then "Heating Oil Tanks."
- 4. The permits are for installation and/or renovation, NOT decommissioning/removal. The City has never required permits to decommission/remove a tank on private property. If your tank is in the street/sidewalk, then it's in the Right-of-Way, and you would need a street/sidewalk opening permit from PDOT. If the tank has leaked, and it was reported to ODEQ, then they will have a file on it at the website listed above. Otherwise, there are no records for clean tank sites.
- Still have questions? Contact Jennifer Berry at 503-823-6820 or jenb@bes.ci.portland.or.us

City of Portland, Corporate GIS

5/1/2008

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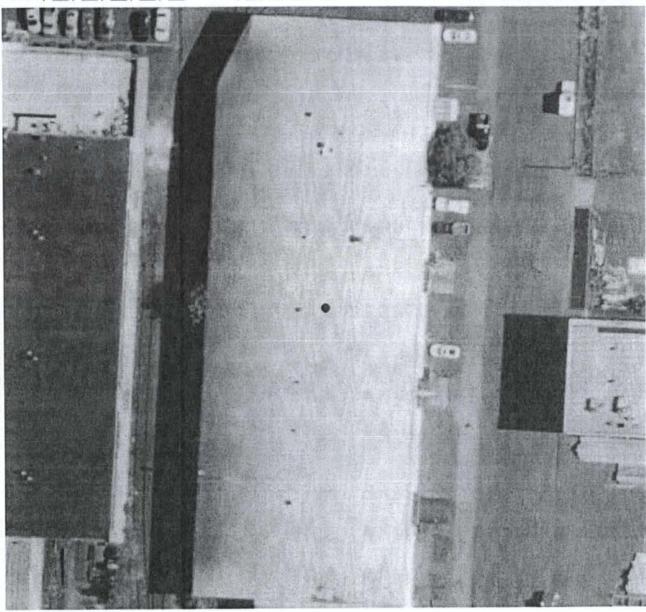
Summary | Elevation | Garbage | Hazard | Natural Resources | Photo | Property | Water | Sewer | Tax Map | UGB | Watershed | Zip Code | Zoning

Aerial Photo

2006 / '05 / '04 / '03 / '02 / '01

6" / 2' / 4' / 10' / 20'

Streets: On / Off Lots: On / Off Dot: On / Off



OF

City of Portland, Corporate GIS

150 FT

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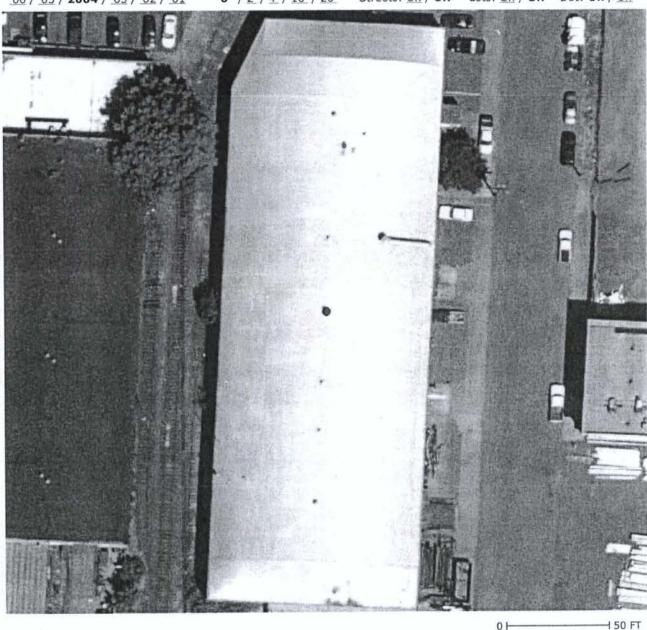
Aerial Photo

'06 / '05 / **2004** / '03 / '02 / '01

6" / 2' / 4' / 10' / 20'

Streets: On / Off

Lots: On / Off Dot: On / Off



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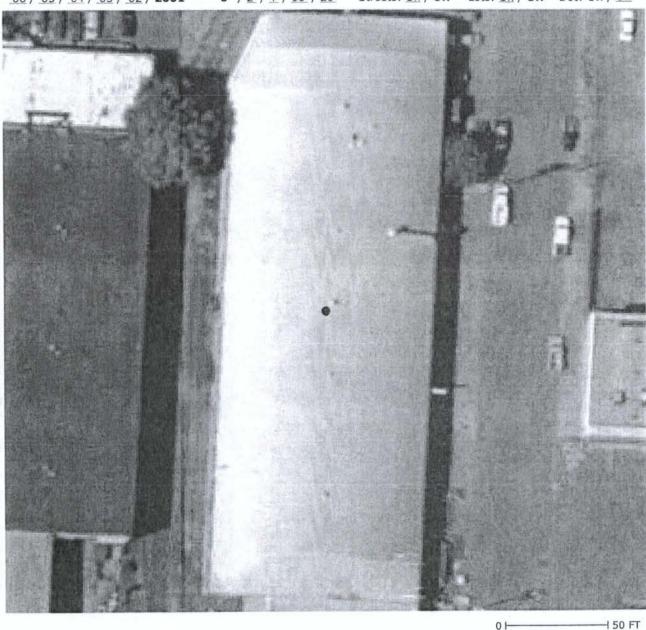
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Address Installed for		a America	STATE OF THE PARTY	THE PROPERTY AND ADDRESS OF THE PARTY OF THE	
	on while to dot		Company Kind of Heating Flu Tel		1190
Applicant	LOCATION		1		
1 00 Gu	Underground reet and	Exposed Integral Detached Basement	OIL	Type Program.	ALDER Model No. 1501
Inspected	C-PIPING	FIRE INS	PEATOR'S IUITO		OIL BURNER

TICOR TITLE INSURANCE

1629 S.W. Salmon Portland, Oregon 97205 (503) 224-0550

STATUS OF RECORD TITLE Order No. M650333-TL

FRANCES FOLEY STOEL RIVES LAW OFFICE 900 SW FIFTH AVENUE STE 2300 PORTLAND OR 97204

We have searched our Tract Indices as to the following described real property:

PARCEL 1: The North 50 feet of Lot 8, Block 6, INDUSTRIAL CENTER, TOGETHER WITH that part of the East one-half of the vacated alley adjoining on the West included in an extension of the North and South lines of said North 50 feet, in the City of Portland, County of Multnomah and State of Oregon.

PARCEL 2: Lots 9, 10, 11, 12 and 13, Block 6, INDUSTRIAL CENTER, TOGETHER WITH that part of the East one-half of the vacated alley adjoining on the West included in an extension of the North and South lines of said lots, in the City of Portland, County of Multnomah and State of Oregon.

Dated as of July 22, 1996 at 8:00 a.m.

Vestee:

PACO Pumps, Inc. a Delaware corporation

Said property is subject to the following on record matter:

NOTE: 1995-96 taxes \$13,681.89; paid. Tax Acct. No. R41490-1810, Code 001

- 1996-97 taxes which are a lien due but not yet payable.
- City Liens, if any, for Portland. No lien request has been sent.
- Reservation for railway purposes of the fee in certain portions of the property above

I TICOR TITLE INSURANCE

Order No. M650333

described in deed, including the terms and provisions thereof,

Lewis-Wiley Hydraulic Company

To:

Industrial Center Investment Co.

Recorded:

August 5, 1914

Book:

666 Page: 56

Records of Multnomah County, Oregon. Affects:

a portion of Parcel 2

Reservation for railway purposes of the fee in certain portions of the property above 4. described in deed, including the terms and provisions thereof,

From:

Lewis-Wiley Hydraulic Company, an Oregon corporation

To:

Florence J. Hartley

Recorded:

May 6, 1914

Book:

654 Page: 384

Records of Multnomah County, Oregon.

Affects:

a portion of Parcel 1

Easement, including the terms and provisions thereof, 5.

Borden Wood and Flora L. Wood, husband and wife

To:

Spokane, Portland and Seattle Railway Company, a corporation

Recorded:

January 6, 1953

Book:

Page: 586 1577 Records of Multnomah County, Oregon.

Affects:

the Westerly 8 1/2 feet of Lots 9 and 10, and the Westerly 8 1/2 feet of

the Southerly 25.22 feet of Lot 11

Easements for utilities over and across the premises formerly included within the 6. boundaries of adjacent alley, now vacated, if any such exist.

Mortgage, including the terms and provisions thereof, given to secure a note,

Amount:

\$70,000,000.00

Executed by: PACO Pumps, Inc.

To:

Heller Financial, Inc.

Dated:

March 19, 1990

Recorded:

March 21, 1990

Book:

2286

Page: 597

Records of Multnomah County, Oregon.

Said Mortgage was modified by Agreement, including the terms and provisions thereof,

Dated:

October 16, 1991

Recorded:

October 17, 1991

ITICOR TITLE INSURANCE

Order No. M650333

Book:

Page: 829

Records of Multnomah County, Oregon.

Financing Statement, including the terms and provisions thereof,

Debtor:

PACO Pumps Inc. Secured Party: Heller Financial, Inc.

Recorded:

March 21, 1990

Book:

2286

Page: 634

Records of Multnomah County, Oregon.

The original term of said Financing Statement is 10 years.

Said Financing Statement was amended by document recorded October 17, 1991 in Book 2467, Page 836.

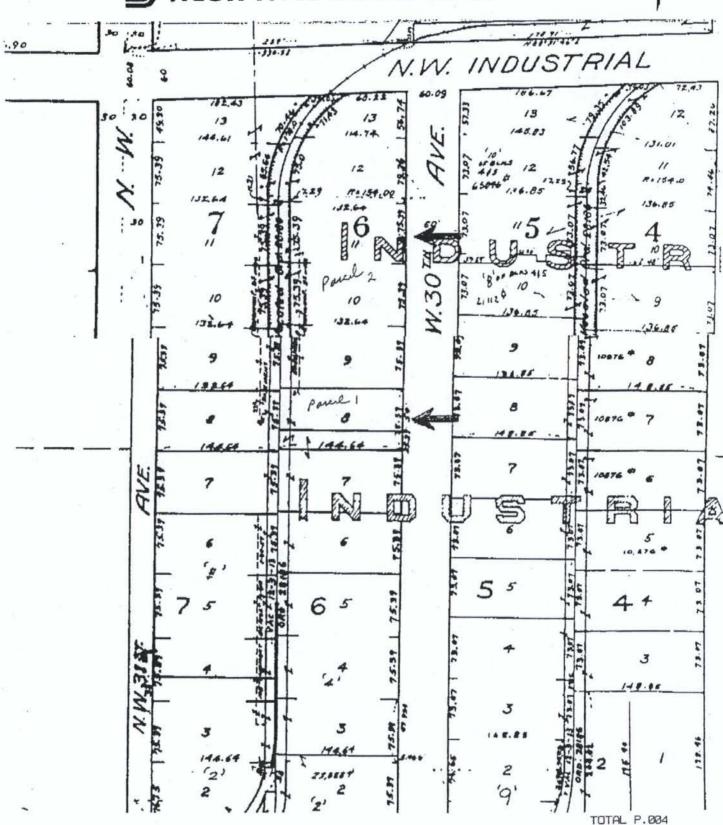
This report is to be utilized for information only. Any use of this report as a basis for transferring, encumbering or foreclosing the real property described will require payment in an amount equivalent to applicable title insurance premium as required by the rating schedule on file with the Oregon Insurance Division.

The liability for TICOR TITLE INSURANCE COMPANY is limited to the addressee and shall not exceed the premium paid hereunder,

Lucas, Senior Title Officer

TL/set

I TICOR TITLE INSURANCE



REDACTED

STOCK PURCHASE AGREEMENT

among

NEWFLO CORPORATION,

THE SELLING STOCKHOLDERS LISTED ON SCHEDULE I

and

PRECISION CASTPARTS CORP.

Dated as of June 28, 1996

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STOCK PURCHASE AGREEMENT

THIS AGREEMENT is made as of the 28th day of June, 1996, by and among NEWFLO Corporation, a Delaware corporation ("Company"), the persons listed on Schedule I hereto (each, a "Seller" and collectively, the "Sellers"), and Precision Castparts Corp., an Oregon corporation ("Purchaser"). Certain capitalized terms used herein are defined in Article I.

WITNESSETH:

WHEREAS, Purchaser desires to purchase from the Sellers and the Sellers desire to sell to Purchaser, all of the Shares;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants, agreements and warranties herein contained, the parties agree as follows:

ARTICLE I

DEFINITIONS

- 1.1 <u>Definitions</u>. The following terms shall have the following meanings for the purposes of this Agreement:
- "Affiliate" shall mean, with respect to any specified Person, any other Person which, directly or indirectly, controls, is under common control with, or is controlled by, such specified Person.
- "Agreement" shall mean this Agreement, including the Disclosure Schedule and all other exhibits and schedules hereto, as it and they may be amended from time to time.
- "Authority" means any U.S. state or local governmental, regulatory or administrative body, agency or authority, any court or judicial authority, any public, private or industry regulatory authority, whether national, Federal, state or local or otherwise, or any Person lawfully empowered by any of the foregoing to enforce or seek compliance with any applicable law, statute, regulation, order or decree.
 - "Assumed Plan" shall have the meaning set forth in Section 6.10(c).
 - "Assumed Plan Required Filings" shall have the meaning set forth in Section 6.10(c).
 - "Benefit Plans" shall have the meaning set forth in Section 4.8.

- "Business Day" shall mean any day other than a Saturday, Sunday or other day on which banking institutions in the States of Texas or New York are authorized or required by law or other governmental action to close.
 - "Class A Common Stock" shall have the meaning set forth in Section 4.1(b).
 - "Class A Preferred Stock" shall have the meaning set forth in Section 4.1(b).
 - "Class B Common Stock" shall have the meaning set forth in Section 4.1(b).
 - "Class B Preferred Stock" shall have the meaning set forth in Section 4.1(b).
 - "Closing" shall mean the consummation of the transactions contemplated herein.
 - "Closing Date" shall have the meaning set forth in Section 2.2.
 - "Closing Seller Proceeds" shall have the meaning set forth in Section 2.3(d).
 - "Code" means the Internal Revenue Code of 1986, as amended.
 - "Common Stock" has the meaning set forth in Section 4.1(b).
 - "Company" means NEWFLO Corporation, a Delaware corporation.
 - "Company Closing Certificate" shall have the meaning set forth in Section 7.10.
- "Confidentiality Agreement" shall mean the Confidentiality Agreement between the Company and Purchaser relating to the transactions contemplated hereby.
- "Contamination" (or "Contaminated") means the presence of Hazardous Substances in, on or under the soil, groundwater, surface water or other environmental media or any structure or improvement, if any investigatory, remedial, removal or other response action is legally required by an Authority under any Environmental Law with respect to such presence of Hazardous Substances or if such response action would likely be legally required by an Authority under Environmental Law and is reasonable and appropriate in accordance with Purchaser's past practices to avoid an order by an Authority or to minimize liability to a third party.
 - "Continued Debt" shall have the meaning set forth in Section 2.3(a).
 - "Continued Debt Certificate" shall have the meaning set forth in Section 2.3(a).

"Contract" shall mean any written or oral contract, lease, agreement, indenture, mortgage, note, bond or instrument.

"Credit Agreement" means the Amended and Restated Credit Agreement, dated October 16, 1991, and as amended through the date hereof (the "Agreement"), among the Company, Newman's Incorporated, PACO Pumps, Inc., Water Specialties Corporation, Newman's Valve Limited, FB, Inc. (formerly known as Flo-Bend, Inc.), Johnston Pump/General Valve, Inc. (formerly known as JPG Holdings, Inc.), Flow Technologies, Inc., Penberthy, Inc., Techno Corporation, Penberthy Canada Products, Inc., Newman's International, Inc. and General Valve Company, Inc. (the "Borrowers"), GiroCredit Bank, Arab Banking Corporation, Banque Nationale de Paris, Pilgrim Prime Rate Trust, and Heller Financial, Inc.

"Director Indemnification Agreements" shall mean the Director Indemnification Agreements, each dated March 23, 1993, between the Company and each of Edmund H. Damon, Caroline Merison, Jonathan F. Boucher, David W. Zalaznick, John W. Jordan, Richard D. Morton, and J. Jack Watson.

"Disclosure Schedule" means the Disclosure Schedule delivered by the Company to Purchaser on the date of this Agreement, as amended, modified or supplemented pursuant to this Agreement.

"Dollars" or numbers preceded by the symbol "\$" shall mean amounts in United States Dollars.

"D&O Insurance" shall have the meaning set forth in Section 6.11.

"Employee" shall have the meaning set forth in Section 6.10

"Employment and Severance Agreements" means, collectively, the Employment, Non-Competition, Non-Interference and Severance Agreements listed in Schedule 1.1 hereto

"ENSR Reports" shall mean the ENSR Reports listed on Schedule 4.15.

"Environmental Law" means any federal, state or local statute, regulation or ordinance pertaining to the protection of the environment and any applicable orders, judgments, decrees, permits, licenses or other authorizations or mandates under such laws, each as in existence on the date hereof.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Escrow Agent" means Republic Bank, N.A. or another financial institution designated by the Representative.

"Escrow Agreement" means the Escrow Agreement, dated the Closing Date among the Sellers, the Escrow Agent, and the Purchaser, substantially in the form of Exhibit A hereto.

"Escrow Amount" shall have the meaning given such term in the Section 2.3(f).

"Financial Statements" shall mean the following:

- (a) the audited consolidated financial statements of the Company as of December 31, 1995 (including all notes thereto) which are included in the Disclosure Schedule consisting of the consolidated balance sheet at such date and the related consolidated statements of earnings and cash flows for the twelve month period then ended; and
- (b) the unaudited consolidated financial statements of the Company as of March 31, 1996, which are included in the Disclosure Schedule, consisting of the consolidated balance sheet at such date and the related consolidated statement of earnings for the three month period then ended.

"GAAP" shall mean U.S. generally accepted accounting principles.

"Hazardous Substance" means any hazardous, toxic or radioactive substance, material or waste as defined, listed or regulated under any Environmental Law.

"Hired Employee" shall have the meaning set forth in Section 6.10

"HSR Act" shall mean the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"Indemnification Period" shall have the meaning set forth in Section 10.1.

"indemnitee" shall mean the Person entitled to, or claiming a right to, indemnification under Article X.

"indemnitor" shall mean the Person claimed by the Indemnified Person to be obligated to provide indemnification under Article X.

"Indenture" means the Indenture, dated as of March 29, 1993, between the Company and First Bank National Association, as Trustee, relating to the Subordinated Notes.

"Knowledge of the Company" shall mean actual knowledge, after diligent and reasonable inquiry and after performance of the duties reasonably within the scope of each such person's responsibility in the position held, by reference, in part, to the company they

manage, of Richard D. Morton, J. Jack Watson, John D. Lilla, Kathleen Mathews, with respect to the Company, and Robert K. Elders, Brian W. Warren, Raymond R. Baker, G. Gary Pollock, John M. Secrest, Normand M. Simard and Steven H. Huth with respect to the Subsidiary or Subsidiaries of the Company with which such person is an officer.

"Latest Balance Sheet" shall mean the unaudited consolidated balance sheet of the Company dated as of March 31, 1996 set forth in the Disclosure Schedule.

"Leased Premises" means the premises leased by the Company and the Subsidiaries listed on Schedule 4.4 hereto.

"Lender Warrant Proceeds" shall have the meaning set forth in Section 2.4(c).

"Lender Warrants" means, collectively, the Warrant of the Company, dated as of March 19, 1990, as amended October 16, 1991 and November 24, 1992, issued to Heller Financial, Inc., the Warrant of the Company, dated as of October 16, 1991, as amended November 24, 1992, issued to Arab Banking Corporation, and the Warrant of the Company, dated as of October 16, 1991, as amended November 24, 1992 issued to Girocredit Bank.

"Lien" means any security interest, lien, charge, mortgage, deed, assignment, pledge, hypothecation, encumbrance, easement, restriction, judgment, right of first refusal or interest of another Person of any kind or nature.

"Loss" or "Losses" shall mean any and all actual losses (including actual losses in value), liabilities, costs, damages, penalties and expenses (including attorneys' fees and expenses and litigations costs), and any legal or other expenses reasonably incurred in connection with investigating or defending any claims or actions, whether or not resulting in any liability, but not including indirect losses, liabilities, damages or expenses incurred due to the interruption of the Indemnitee's business or punitive damages, except where such damages are incurred by or awarded to a third party making a claim against an indemnitee.

"Material Adverse Effect" shall mean an effect on the operations, results of operations or condition of the Company and its Subsidiaries, taken as a whole, which is or would be materially adverse; provided, however, that (i) in any event, a Rating Decline (as defined in the Indenture) shall not constitute a Material Adverse Effect for purposes of Section 7.1; (ii) with respect to representations and warranties set forth in Sections 4.2(b) (Financial Statements), 4.11 (Litigation) and 4.15 (Environmental Matters), if the matter, or matters in the aggregate, would have a monetary effect of at least \$750,000, such matter(s) shall be nonexclusively deemed to constitute a Material Adverse Effect; and (iii) with respect to the matters and conditions set forth in Sections 7.1, 7.2, 7.5 and Article IX, if the condition or matters in the aggregate, would have a monetary effect of at least \$10,000,000, it shall be nonexclusively deemed to constitute a Material Adverse Effect, provided, however, that for purposes of determining such \$10,000,000 monetary effect, supplemental

information pursuant to Section 6.7 with a financial effect in excess of \$100,000 will be applied against such \$10,000,000 level.

- "Material Contracts" shall have the meaning set forth in Section 4.6.
- "NEWFLO Letters of Credit" shall have the meaning set forth in Section 2.5.
- "NEWFLO Other Debt" shall have the meaning set forth in Section 2.3(a).
- "Other Debt" shall have the meaning set forth in Section 2.3(c).
- "Other Debt Pay-Off Letters" shall have the meaning set forth in Section 2.3(c).
- "Ownership Percentage" shall mean the percentage set forth opposite each Seller's name on Schedule I hereto.
 - "Paco IAM Plan" means the IAM National Pension Fund, National Pension Fund.
 - "Permitted Liens" shall have the meaning set forth in Section 4.5.
- "Person" shall mean any individual, corporation, proprietorship, firm, partnership, limited partnership, limited liability company, trust, association, governmental authority or other entity.
 - "Phase I" shall have the meaning set forth in Section 6.17.
 - "Purchase Price" shall mean have the meaning set forth in Section 2.3(a).
 - "Purchaser" shall have the meaning set forth in the Preamble.
 - "Purchaser Closing Certificate" shall have the meaning set forth in Section 8.6.
- "Real Estate" means the real property of the Company and the Subsidiaries listed on Schedule 4.4 hereto.
- "Related Agreement" shall mean the Escrow Agreement, the Temporary Escrow Agreement and any other Contract which is or is to be entered into by the Company and/or the Sellers at the Closing or otherwise pursuant to this Agreement or in connection with the transactions contemplated hereby. The Related Agreements executed by a specified Person shall be referred to as "such Person's Related Agreements," "its Related Agreements" or another similar expression.
 - "Representative" shall have the meaning set forth in Section 11.16.

- "Representative Replacement Instrument" shall have the meaning set forth in Section 11.16(b).
- "Restated Certificate of Incorporation" shall mean the Restated Certificate of Incorporated of the Company, as filed with the Secretary of State of the State of Delaware, as amended from time to time.
- "SAR Agreements" shall mean, collectively, the Stock Appreciation Rights Agreements between the Company or any of its Subsidiaries and any employee, all of which are listed on Schedule 1.2 hereto.
 - "SAR Pay-Off Letters" shall have the meaning set forth in Section 2.3(c).
 - "SEC" shall mean the Securities and Exchange Commission.
 - "Seller" and "Sellers" shall have the meanings set forth in Preamble.
 - "Seller Closing Certificate" shall have the meaning set forth in Section 7.10.
 - "Senior Lender Pay-Off Letter" shall have the meaning set forth in Section 2.3(c)(i).
 - "Senior Lenders" means the banks party to the Credit Agreement.
- "Shares" shall mean (i) the 196,638.3051 shares of Class A Common Stock issued and outstanding, (ii) the 51,796.4129 shares of Class A Common Stock issuable upon conversion of the 7,000 shares of Class B Preferred Stock issued and outstanding, and (iii) the 16,833.8342 shares of Class B Common Stock issuable upon exercise of the Lender Warrants.
- "Stockholders Agreement" means the Amended and Restated Stockholders Agreement, dated as of October 16, 1991, among the Company and its stockholders, as amended through the date of this Agreement.
 - "Stub Tax Period" shall have the meaning set forth in Section 6.13(a).
 - "Subsidiaries" shall have the meaning set forth in Section 4.1.
- "Taxes" means all taxes, charges, fees, duties, levies or other assessments which are imposed by the United States, or any state, local or foreign government or subdivision or agency thereof, and such term shall include any interest, penalties or additions to tax attributable to such Taxes.

"Temporary Escrow Agreement" means the Temporary Escrow Agreement, dated the Closing Date among the Sellers and the Representative, as escrow agent, in the form and the Representative, of Exhibit B hereto.

"Temporary Escrow Amount" shall have the meaning set forth in Section 2.3(c).

"TJC Consulting Agreement" means the Management Consulting Agreement, dated as of March 19, 1990, among The Jordan Company and the Company, as amended.

"TJC Pay-Off Letter" shall have the meaning set forth in Section 2.3(c).

ARTICLE II

SALE AND PURCHASE OF SHARES

- 2.1 <u>Purchase of Shares</u>. Subject to the terms and conditions of this Agreement, at the Closing, each Seller shall sell, assign, convey, transfer and deliver to Purchaser, and Purchaser shall purchase, acquire and take assignment and delivery of, all of each such Seller's right, title and interest in and to those Shares set forth opposite the name of each such Seller on <u>Schedule I</u>. The amount of Shares held by each Seller shall be after the redemptions, conversions and exercises referred to in <u>Section 2.4</u>.
- 2.2 Closing. The Closing shall take place at the offices of Mayer, Brown & Platt, 1675 Broadway, New York, New York 10019, at 10:00 A.M. on the latest of: (i) July 31, 1996 (ii) five Business Days after the satisfaction or waiver of the conditions precedent set forth in Sections 7.3 and 8.3 or (iii) such other date, time and place as may be agreed by Purchaser, the Company and the Representative; provided, however, that the date of the Closing shall be automatically extended from time to time for so long as any of the conditions set forth in Articles VII and VIII shall not be satisfied or waived, subject, however, to the provisions of Section 9.1. The date on which the Closing occurs in accordance with the preceding sentence is referred to in this Agreement as the "Closing Date".
- 2.3 Payment of Purchase Price. (a) As consideration for the transfer of the Shares, Purchaser shall



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- 2.4 Redemption, Conversion and Exercise. (a) At the Closing, the Company will redeem in full the Company's Class A Preferred Stock, and each Seller who is a holder of the Company's Class A Preferred Stock shall, in connection with its redemption in full, deliver to the Company the stock certificates evidencing their Class A Preferred Stock, and the Company shall cancel such stock certificates upon such redemption in full. Each Seller who is a holder of Class A Preferred Stock agrees that such redemption, including the concurrent payment of all accrued and unpaid dividends, constitutes full performance of all obligations of the Company in respect of the Class A Preferred Stock.
- (b) At the Closing, each Seller who is a holder of Class B Preferred Stock shall deliver all stock certificates evidencing shares of Class B Preferred Stock and the Company shall convert such Class B Preferred Stock into shares of Class A Common Stock, through the Representative, in accordance with Section 2.3(c)(ii), and pay all accrued dividends thereon in accordance with its terms, issue and deliver to each such Seller stock certificates evidencing the shares of Class A Common Stock issued upon such conversion and cancel the stock certificates evidencing the Class B Preferred Stock. Each Seller who is a holder of Class B Preferred Stock hereby waives its optional redemption rights with respect to the Class B Preferred Stock contained in the Restated Certificate of Incorporation; provided, however, that the foregoing waiver is conditioned upon the conversion of all shares of Class B Preferred Stock into shares of Class A Common Stock by the Company on the Closing Date and the consummation of the transactions contemplated by this Agreement.
- (c) At the Closing, each Seller who is a holder of Lender Warrants shall exercise such Lender Warrants for Class B Common Stock in accordance with its terms, and in connection with such exercise, each such Seller shall deliver to the Company their Lender Warrants together with exercise instructions and certified checks representing the exercise price (the "Lender Warrant Proceeds"), and the Company shall issue and deliver to each such Seller stock certificates evidencing the Class B Common Stock issued upon such exercise and shall cancel the Lender Warrants. The Lender Warrant Proceeds are hereby assigned, transferred and delivered by the Company to the Representative for purposes of being paid and distributed pursuant to Section 2.3(c). Each Seller who is a holder of Lender Warrants agrees that the issuance of the Class B Common Stock constitutes full performance of all obligations of the Company in respect of the Lender Warrants.

- (d) For purposes of this Agreement, the amount of Shares held by each Seller and the Ownership Percentage of each Seller shall assume the consummation of the redemption, conversion and exercise of all capital stock and warrants contemplated by this <u>Section 2.4</u>.
- 2.5 Letters of Credit. With regard to letters of credit or similar financial guaranties issued under the Credit Agreement and outstanding at the Closing Date (collectively, the "NEWFLO Letters of Credit"), the Purchaser will either, at the Closing, (a) arrange for the issuance of replacement letters of credit therefor that are satisfactory in form and substance to the beneficiaries of the NEWFLO Letters of Credit so that such beneficiaries fully release and discharge the NEWFLO Letters of Credit to the satisfaction of the Senior Lenders under the Credit Agreement, or (b) arrange for the issuance of additional letters of credit to support and back-up the NEWFLO Letters of Credit to the satisfaction of the Senior Lenders under the Credit Agreement, in either case, such that the Senior Lenders under the Credit Agreement will release and discharge the Company and its Subsidiaries under the Credit Agreement even though the NEWFLO Letters of Credit remain outstanding. The NEWFLO Letters of Credit or any such replacement letters of credit or supporting and back-up letters of credit will not be included in Continuing Debt.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF EACH SELLER

Each Seller (severally and on behalf of himself, herself or itself only) hereby represents and warrants to the Purchaser that as to such Seller, except as set forth in the Disclosure Schedule:

- 3.1 <u>Title to Shares</u>. (a) The shares of Common Stock as set forth opposite each Seller's name on <u>Schedule I</u> are (i) owned respectively by such Seller, free and clear of any and all Liens, (other than restrictions on transfer arising under applicable securities law) or (ii) are issuable to such Seller upon conversion of shares of Class B Preferred Stock or upon exercise of Lender Warrants as set forth opposite each Seller's name on <u>Schedule I</u>, which are owned by each Seller, free and clear of all Liens (other than restrictions on transfer arising under applicable securities law), and, as of the Closing, will be owned respectively by such Seller, free and clear of any and all Liens (other than restrictions on transfer arising under applicable securities law). In the aggregate, the Sellers will immediately prior to Closing be the holders of record of all of the outstanding capital stock of the Company.
- (b) There are no options, warrants, rights, convertible securities or other agreements or commitments obligating such Seller with respect to the shares of capital stock of the Company or the Lender Warrants owned by such Seller to transfer or sell, or cause the issuance, transfer or sale of, any shares of capital stock the Company or to transfer or sell the Lender Warrants.

- 3.2 <u>Due Authorization</u>. Each Seller has duly and validly executed and delivered this Agreement and has duly and validly executed and delivered (or prior to or at the Closing will duly and validly execute and deliver) the Related Agreements to which it is a party. This Agreement constitutes the legal, valid and binding obligation of each Seller and the Related Agreements of such Seller upon execution and delivery by such Seller will constitute legal, valid and binding obligations of such Seller, in each case, enforceable against such Seller in accordance with their respective terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or similar laws in effect which affect the enforcement of creditors' rights generally and by equitable principles. Each Seller hereby ratifies and confirms its consent to the SAR Agreements between the Company and the parties thereto listed on Schedule 1.2.
- 3.3 Consents and Approvals; Authority Relative to this Agreement. Except for filings under the HSR Act or as set forth in the Disclosure Schedule, the execution, delivery and performance by each Seller of this Agreement and such Seller's respective Related Agreements to which it is a party will not (a) violate any law, regulation or order of any governmental authority applicable to such Seller, (b) require any filing or registration by such Seller with, or consent or approval with respect to such Seller of, any governmental authority, or (c) violate or conflict with or result in a breach or default under, any Contract to which such Seller is a party or by which any of such Seller's respective assets or properties are bound, except where any such filing, registration, consent or approval, if not made or obtained, or any such violation, conflict, breach or default, would not have a Material Adverse Effect.
- 3.4 <u>Brokers Fees</u>. The Sellers have no liability or obligation to pay any fees or commissions to any broker, finder or financial agent in connection with the transactions contemplated hereby.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby represents and warrants to Purchaser that, except as set forth in the Disclosure Schedule:

4.1 <u>Due Incorporation: Capitalization</u>. (a) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and each of the Company's direct and indirect subsidiaries listed on <u>Schedule 4.1</u> hereto (the "<u>Subsidiaries</u>") is a corporation duly organized, validly existing and in good standing under the laws of the state or jurisdiction of its incorporation, with all requisite power and authority to own and operate its respective assets and properties as they are now being owned and operated. The jurisdictions in which the Company is qualified to do business as a foreign

corporation are set forth in the Disclosure Schedule, and constitute all of the jurisdictions where qualification is necessary, except where the failure to qualify would not have a Material Adverse Effect. Except as disclosed in the Disclosure Schedule, each of the Subsidiaries is wholly-owned by the Company, either directly or indirectly.

- (b) The entire authorized capital stock of the Company consists of (A) 302,000 shares of Common Stock, \$.01 par value per share (the "Common Stock"), consisting of (i) 285,000 shares of Class A Common Stock ("Class A Common Stock") and (ii) 17,000 shares of Class B Common Stock ("Class B Common Stock"), and (B) 7,450 shares of Preferred Stock, par value \$.01 per share, consisting of (i) 450 shares of Class A Preferred Stock ("Class A Preferred Stock") and (ii) 7,000 shares of Class B Preferred Stock ("Class B Preferred Stock"). Of such authorized shares, (A) (i) 196,638.3051 shares of Class A Common Stock are outstanding and 51,796.4129 shares of Class A Common Stock are issuable upon conversion of Class B Preferred Stock and (ii) no shares of Class B Common Stock are outstanding, and 16,833,8342 shares of Class B Common Stock are issuable upon exercise of the Lender Warrants (B) (i) 112.5 shares of Class A Preferred Stock are outstanding and 337.5 shares of Class A Preferred Stock have been redeemed by the Company in accordance with their terms and (ii) 7,000 shares of Class B Preferred Stock are outstanding. All of the outstanding shares of the Company's capital stock are validly issued, fully paid and nonassessable, and no shares were issued in violation of the preemptive rights of any shareholder. The aggregate number of Shares represent all of the outstanding shares of the Company's capital stock and shares of the Company's capital stock issuable upon exercise of all capital stock and warrants contemplated by Section 2.4.
- (c) Except as set forth above or in the Disclosure Schedule, there are no options, warrants, rights, convertible securities or other agreements or commitments obligating any Seller, the Company or any of the Subsidiaries to issue, transfer or sell, or cause the issuance, transfer or sale of, any shares of capital stock the Company or any of the Subsidiaries or to make any payments in respect of the value of any shares of the Company or any Subsidiary.
- 4.2 <u>Financial Statements</u>. (a) The Financial Statements have been prepared in accordance with GAAP consistently applied and present fairly the consolidated financial position of the Company and the Subsidiaries as of the dates thereof and the results of operations and cash flows of the Company and the Subsidiaries for the periods covered thereby, except that interim financial statements omit footnotes and are subject to customary year-end adjustments and accruals.
- (b) Except as set forth in the Disclosure Schedule or in the Financial Statements, to the best knowledge of the Company, the Company has no liabilities, debts, claims or obligations of any nature on the date of this Agreement, whether accrued, absolute, direct or indirect, contingent or otherwise, whether due or to become due, that would be required to be included on a balance sheet prepared in accordance with GAAP, consistently applied (the

- "Liabilities"), except (i) Liabilities disclosed in the Disclosure Schedules, (ii) Liabilities incurred in the ordinary and usual course of business and consistent with past practice since the date of the Latest Balance Sheet which individually and in the aggregate are not materially adverse, (iii) Liabilities incurred in connection with or as a result of the transactions contemplated by this Agreement and the Related Agreements that are to be paid by the Representative pursuant to Section 2.3(c), and (iv) Liabilities that, individually or in the aggregate, would not have a Material Adverse Effect.
- (c) Except for (i) the NEWFLO Letters of Credit as contemplated by Section 2.5, (ii) the Other Debt and Continued Debt, and (iii) indebtedness incurred by Purchaser in connection with the transactions contemplated by this Agreement, the Company will not be subject to any indebtedness for borrowed money, as of the Closing, and after giving effect to the transactions contemplated by this Agreement.
- 4.3 Reports. The Company has furnished to Purchaser copies of all forms, reports, statements (including without limitation any financial statements and schedules) and documents filed with the SEC (the "SEC Documents"), all of which have complied in all material respects with all applicable requirements of the Securities Act and the Exchange Act, as applicable, and the laws, regulations and rules relating thereto. As of their respective dates, the SEC Documents complied in all material respects with the requirements of the Securities Act or the Exchange Act, as the case may be, and none of the SEC Documents, at the time of their filing, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances in which they were made, not misleading. The Company has timely filed all registration statements, reports and other filings required to be filed with the Securities and Exchange Commission under its rules and regulations.
- 4.4 <u>Title to Properties</u>. The Disclosure Schedule contains a true and complete list as of the date of this Agreement of all material real property with a value in excess of \$100,000 owned by the Company and the Subsidiaries ("Real Estate"). Except as disclosed in the Disclosure Schedule, the Company and its Subsidiaries have good title to, and is the lawful owner of, all of its assets reflected in the Financial Statements, of the Real Estate and all assets and properties that are material to the Company's business, free and clear of any Lien, except (a) Liens, which shall be removed prior to or at the Closing, (b) assets which are leased and intellectual property which is licensed, (c) mechanics', carriers', worker's and other similar Liens arising in the ordinary course of business, (d) Liens and encumbrances which would not have a Material Adverse Effect, (e) Liens for taxes not yet due and payable, and (f) other Liens permitted by the Credit Agreement (collectively, the "Permitted Liens").
- 4.5 <u>Patents and Trademarks</u>. The Disclosure Schedule contains a true and complete list as of the date of this Agreement of all of the material patents and trademarks and other intellectual property (including any pending patent or trademark applications) used in the operation of the Company's business, and accurately sets forth the nature of ownership or

right to use of such patent or trademark or other intellectual property. Except as disclosed in the Disclosure Schedule: (a) none of such patents or trademarks are licensed by a third party to the Company as licensee, and the Company has not granted any license to a third party or agreed to pay to or receive from a third party any royalty in respect of any of such patents or trademarks; (b) to the Sellers' knowledge, the conduct of the Company's business does not infringe any patent or trademark rights of another, except where the consequences of such infringement would not have a Material Adverse Effect.

- 4.6 <u>Contracts</u>. The Disclosure Schedule contains an accurate list as of the date of this Agreement of all the Contracts of the following types to which the Company or any of the Subsidiaries is a party or to which any of its assets or properties is subject (the "<u>Material Contracts</u>"):
 - (a) any collective bargaining agreement with respect to its employees;
 - (b) any employment agreement with any officer or employee;
 - (c) any Contract entered into in the ordinary course of business which involves the payment or receipt of an amount in excess of \$500,000 or any Contract entered into outside of the ordinary course of business which involves the payment or receipt of an amount in excess of \$500,000;
 - (d) any credit agreement, loan agreement, indenture, note, mortgage, security agreement, loan commitment, or evidence of indebtedness, or any other Contract relating to the borrowing of a material amount of funds by the Company or the Subsidiaries outside the ordinary course of business;
 - (e) any lease of real property that is material to the Company or any of the Subsidiaries: or
 - (f) any Contract granting to any Person a right of first refusal or option to purchase or acquire any assets valued at more than \$500,000.

The Company has made available to Purchaser true and complete copies of each Material Contract. Except as disclosed on the Disclosure Schedule, with respect to Contracts and purchase orders for the manufacture of products for Newmans Incorporated outside the United States (the "Foreign Manufacturing Contracts"), such Foreign Manufacturing Contracts do not require Newmans to maintain any specified level of manufacture. Except as disclosed on the Disclosure Schedule, with respect to Contracts for the distribution of products of the Company and its Subsidiaries ("Distribution Contracts"), the distributors thereunder have no right to return products purchased pursuant to the Distribution Contracts.

the Subsidiaries are not in breach or default under the terms of any Material Contract except where any such breach or default would not have a Material Adverse Effect, (b) the Company and the Subsidiaries are in compliance with all laws and governmental regulations and orders applicable to the Company's business except where any such noncompliance would not have a Material Adverse Effect, and (c) each of the Company and the Subsidiaries is not in default under or in violation of their respective certificate of incorporation or by laws.

- 4.11 <u>Litigation</u>. The Disclosure Schedule sets forth each instance in which any of the Company and its Subsidiaries (a) is subject to any material unsatisfied judgment, order, decree, stipulation, injunction, or charge or (b) is a party to any charge, complaint, action, suit, proceeding, hearing, or investigation of or in any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction, or to the knowledge of the Company, is threatened to be a party to any such action, except where the judgment, order, decree, stipulation, injunction, charge, complaint, action, suit, proceeding, hearing, or investigation would not have a Material Adverse Effect.
- 4.12 <u>Brokers</u>. The Company has not used any broker or finder in connection with the transactions contemplated hereby other than The Jordan Company and Goldman Sachs & Co., whose fees and expenses shall be paid pursuant to <u>Section 2.3</u>.
- 4.13 <u>Due Authorization</u>. The Company has full power and authority to enter into this Agreement and its Related Agreements and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by the Company of this Agreement and its Related Agreements have been duly and validly approved by the board of directors of the Company and no other corporate actions or proceedings on the part of the Company are necessary to authorize this Agreement, its Related Agreements and the transactions contemplated hereby and thereby. The Company has duly and validly executed and delivered (or prior to or at the Closing will duly and validly execute and deliver) its Related Agreements. This Agreement constitutes the legal, valid and binding obligation of the Company and the Company's Related Agreements, upon execution and delivery by the Company, will constitute legal, valid and binding obligations of the Company, in each case, enforceable in accordance with their respective terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or similar laws in effect which affect the enforcement of creditors' rights generally and by equitable principles.
- 4.14 Consents and Approvals; Authority Relative to This Agreement. Except for filings under the HSR Act, the execution, delivery and performance by the Company of this Agreement and its Related Agreements will not (i) violate any law, regulation or order of any governmental authority applicable to the Company; (ii) require any filing or registration by the Company with, or consent or approval with respect to the Company of, any governmental authority; (iii) violate or conflict with or result in a breach or default under any

Contract to which the Company is a party or by which the Company or any of its assets or properties are bound; or (iv) violate or conflict with the Certificate of Incorporation or bylaws of the Company, except where any such filing, registration, consent or approval, if not made or obtained, or any such violation, conflict, breach or default, would not have a Material Adverse Effect on the Company or its ability to perform its obligations under this Agreement and its Related Agreements.

- 4.15 Environmental Matters. Except as described in <u>Section 4.15</u> of the Disclosure Schedule, the Phase I, and the ENSR Reports described therein:
 - (a) to the Company's knowledge, the Company and its Subsidiaries are in compliance with all applicable Environmental Laws, including without limitation, the possession of all permits, licenses and authorizations required under applicable Environmental Laws; and compliance with their terms and conditions, except to the extent such noncompliance individually or collectively would not have a Material Adverse Effect;
 - (b) neither the Company nor any of its Subsidiaries has received notice of a civil, criminal or administrative suit, claim, action, proceeding or investigation under any Environmental Law relating to any property or facility owned, operated or leased, by any of them, except to the extent such matters individually or collectively would not have a Material Adverse Effect;
 - (c) neither the Company nor any of its Subsidiaries has received from any Authority notice that it has been named or may be named as a responsible or potentially responsible party under any Environmental Law for any site contaminated by Hazardous Substances;
 - (d) except to the extent Contamination individually or in the aggregate would not have a Material Adverse Effect, to the Company's knowledge, no portion of any property currently owned, leased or occupied by the Company or any Subsidiary is Contaminated; and
 - (e) to the best of the Company's knowledge, neither the Company nor any of its Subsidiaries is liable under the Comprehensive Environmental Response, Compensation and Liability Act or any comparable Environmental Law for investigation, remedial, removal or other response costs, natural resources damages or other claims (including administrative orders) arising out of the release or threatened release of any Hazardous Substance, except to the extent such liability individually or in the aggregate would not have a Material Adverse Effect.
- 4.16 <u>Absence of Changes</u>. Except as disclosed on the Disclosure Schedule, since March 31, 1996, (a) the Company and its Subsidiaries have not sustained any material loss

or interference with their respective businesses from fire, explosion, flood, or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree which loss or interference would have a Material Adverse Effect; and (b) there has not been any material adverse change in or affecting the business, properties, financial position, operations or results of operation of the Company and its Subsidiaries.

- 4.17 Employment Matters. Except as disclosed in the Disclosure Schedule, there are no material controversies pending or, to the knowledge of the Company, threatened against the Company or any of its Subsidiaries, or any of its officers, directors, employees or representatives of employees, and to the knowledge of the Company, there are no material organizational efforts presently being made involving unorganized employees, which would have a Material Adverse Effect.
- 4.18 <u>Customer and Distributor Relationships</u>. Except as disclosed in the Disclosure Schedule or in accordance with past experience of the Company, to the Company's knowledge, the commercial relationships between the Company and its Subsidiaries and their customers and distributors are good, and no such customer or distributor has indicated an intent to discontinue or materially change its commercial relationship with the Company or the Subsidiary which would have a Material Adverse Effect.
- 4.19 <u>Product Warranty</u>. To the knowledge of the Company, there exist no defects in the products of the Company or the Subsidiaries that are covered by product warranty which, individually, or in the aggregate, would reasonably be expected to result in a Material Adverse Effect.
- 4.20 Disclaimer of Other Representations and Warranties; Disclosure; Bring-Down. (a) Neither the Sellers nor the Company make, and they have not made, any representations or warranties relating to the Company or any Subsidiaries in connection with the transactions contemplated hereby other than those expressly set forth in this Article IV. It is understood that Purchaser has fully reviewed the Disclosure Schedule, the materials referenced therein and in the "data room" relating to the transactions contemplated by this Agreement. It is also understood that any cost estimates, projections or other productions, any data, any financial information or any memoranda or presentations are not and shall not be deemed to be or to include representations or warranties of the Sellers and the Company, except to the extent otherwise expressly covered by the representations and warranties of the Sellers and the Company hereunder. No person has been authorized by the Sellers or the Company to make any representation or warranty relating to the Company or any Subsidiary, the businesses of the Company or any Subsidiary or otherwise in connection with the transactions contemplated hereby except as set forth in this Article IV and, if made, such representation or warranty must not be relied upon as having been authorized by the Company, any Subsidiary or any of the Sellers and the Company.

(b) Notwithstanding anything to the contrary contained in this Agreement or in any of the Exhibits or Disclosure Schedules, any information disclosed in one Exhibit or Disclosure Schedule shall be deemed to be disclosed for purposes of this Agreement. Certain information set forth in the Disclosure Schedules are included solely for informational purposes and may not be required to be disclosed pursuant to this Agreement. The disclosure of any information shall not be deemed to constitute an acknowledgment that such information is required to be disclosed in connection with the representations and warranties made by the Sellers or the Company in this Agreement or that it is material, nor shall such information be deemed to establish a standard of materiality (and the actual standard of materiality may be higher or lower than the matters disclosed by such information).

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser represents and warrants to the Sellers that:

- 5.1 <u>Due Incorporation</u>. Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the State of Oregon with all requisite power and authority to own and operate its assets and properties as they are now being owned and operated.
- 5.2 <u>Due Authorization</u>. Purchaser has full power and authority to enter into this Agreement and its Related Agreements and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by Purchaser of this Agreement and its Related Agreements have been duly and validly approved by the board of directors of Purchaser and no other corporate actions or proceedings on the part of Purchaser are necessary to authorize this Agreement, its Related Agreements and the transactions contemplated hereby and thereby. Purchaser has duly and validly executed and delivered this Agreement and has duly and validly executed and delivered (or prior to or at the Closing will duly and validly execute and deliver) its Related Agreements. This Agreement constitutes the legal, valid and binding obligation of Purchaser and Purchaser's Related Agreements, upon execution and delivery by Purchaser, will constitute legal, valid and binding obligations of Purchaser, in each case, enforceable in accordance with their respective terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or similar laws in effect which affect the enforcement of creditors' rights generally and by equitable principles.
- 5.3 Consents and Approvals; Authority Relative to This Agreement. Except for filings under the HSR Act, the execution, delivery and performance by Purchaser of this Agreement and its Related Agreements will not (i) violate any law, regulation or order of any governmental authority applicable to Purchaser; (ii) require any filing or registration by

Purchaser with, or consent or approval with respect to Purchaser of, any governmental authority; (iii) violate or conflict with or result in a breach or default under any Contract to which Purchaser is a party or by which Purchaser or any of its assets or properties are bound; or (iv) violate or conflict with the Certificate of Incorporation or by-laws of Purchaser, except where any such filing, registration, consent or approval, if not made or obtained, or any such violation, conflict, breach or default, would not have a material adverse effect on Purchaser or its ability to perform its obligations under this Agreement and its Related Agreements.

- 5.4 <u>Knowledge of Inaccuracies</u>. Purchaser has no actual knowledge that any of the representations or warranties of the Company or the Sellers in this Agreement are inaccurate or that any of the Company or the Sellers are in breach of any agreement or covenant in this Agreement; provided, that this representation will not apply to any such inaccuracies or breaches as to which the Company is aware.
- 5.5 <u>Purchaser's Examination</u>. Purchaser and its representatives have received or been given access to all of the information described or referred to in this Agreement and all other information requested by them. Purchaser and its representatives have been afforded the opportunity to meet with, ask questions of and receive answers from the Sellers and the management of the Company in connection with the determination by Purchaser to enter into this Agreement and the Related Agreements and consummate the transactions contemplated hereby and thereby, and all such questions have been answered to the full satisfaction of Purchaser.
- 5.6 Broker. Purchaser has used no broker or finder in connection with the transactions contemplated hereby other than Bushkin & Associates, and neither any Seller, the Company nor any Affiliate of any Seller or the Company has or shall have any liability or otherwise suffer or incur any Loss as a result of or in connection with any brokerage or finder's fee or other commission of any Person retained by Purchaser in connection with any of the transactions contemplated by this Agreement.
- 5.7 <u>Investment</u>. The Purchaser is not acquiring the Shares with a view to or for sale in connection with any distribution thereof within the meaning of the Securities Act.
- 5.8 <u>Funding</u>. Purchaser has delivered a copy of a commitment letter from Bank of America committing to provide the Purchaser loans in an amount, together with Purchaser's cash or capital on hand, sufficient to pay the Purchase Price and otherwise fully perform its obligations under this Agreement, which is in a form and substance reasonably satisfactory to the Company and Sellers.

ARTICLE VI

COVENANTS

- 6.1 Access to Information and Facilities. (a) From the date of this Agreement to the Closing Date, subject to the Confidentiality Agreement, the Company shall give Purchaser and Purchaser's representatives reasonable access during normal business hours to the offices, facilities, books and records of the Company and the Subsidiaries, and shall make the officers and employees of the Company and the Subsidiaries available to Purchaser and its representatives as Purchaser and its representatives shall from time to time reasonably request, in each case to the extent that such access and disclosure would not obligate the Company or the Subsidiaries to take any actions that would unreasonably disrupt the normal course of their businesses or violate the terms of any Contract to which the Company or the Subsidiaries is bound or any applicable law or regulation. Notwithstanding anything to the contrary in this Agreement, in no event shall any access to the facilities of the Company and the Subsidiaries include the right to conduct any intrusive drillings, testing or sampling in connection with any environmental investigation, assessment or due diligence conducted by Purchaser, the terms and extent of any environmental assessment to be governed exclusively by Section 6.17 hereof.
- (b) The Purchaser and Purchaser's representatives shall treat and hold strictly confidential any Confidential Information it receives from any of the Sellers, the Company, and the Subsidiaries in the course of the reviews contemplated by this Section 6.1, will not use any of the Confidential Information except in connection with this Agreement, and, if this Agreement is terminated for any reason whatsoever, will return to the Company all tangible embodiments (and all summaries and copies) of the Confidential Information which are in its possession; provided, however, that this sentence shall not apply to any information (i) which, at the time of disclosure, is available publicly, through no fault of Purchaser (ii) which, after disclosure, becomes available publicly through no fault of the Purchaser, or (iii) which the Purchaser knew or to which the Purchaser had access prior to disclosure. Purchaser shall be liable for any breach of the obligations and restrictions set forth in this Section 6.1 by any of its employees, agents or representatives.
- 6.2 Preservation of Business. From the date of this Agreement until the Closing Date, the Company shall be operated in the ordinary and usual course of business and consistent with past practice, and the Company shall use commercially reasonable efforts to preserve intact the present business organization and personnel of the Company and the Subsidiaries and the business relationships of the Company and the Subsidiaries with other Persons material to the operation of the Company or the Subsidiaries. Without limiting the generality of the foregoing, the Company and its Subsidiaries shall not other than as specifically contemplated by this Agreement (a) amend their respective articles of incorporation or bylaws, (b) enter into any new employment or severance arrangements or increase the compensation or benefits payable to officers or employees, except in connection

with the SAR Pay-Off Letters, (c) merge into or consolidate with any other corporation or permit any other corporation to merge into or consolidate with it, or liquidate or sell or dispose of any material assets other than in the ordinary course of business; (d) except for short-term indebtedness and letters of credit incurred in the ordinary course of business, incur, assume or guarantee any indebtedness, or repay any existing indebtedness except in the ordinary course of business or as required by the terms of such indebtedness; (e) enter into any material transaction or make any material commitment, except as otherwise contemplated as permitted by this Agreement, or take or omit to take any action which would be reasonably anticipated to have a Material Adverse Effect, (f) change in any respect any of its accounting principles, policies or procedures other than as required by GAAP, or (g) enter into, adopt or amend or terminate any Benefit Plan.

- 6.3 Exclusivity. None of the Sellers, the Company or the Subsidiaries shall solicit, initiate, or encourage the submission of any proposal or offer from any Person relating to any (a) liquidation, dissolution, or recapitalization, (b) merger or consolidation, (c) acquisition or purchase of all, substantially all or a material amount of securities or assets (other than inventories and other assets in the ordinary and usual course of business and consistent with past practices), or (d) similar transaction or business combination involving any of the Company and the Subsidiaries. The Company, the Sellers and all Persons acting on behalf of either of them shall immediately cease any existing activities, discussions, negotiations with any Persons with respect to any of the foregoing.
- 6.4 <u>Efforts</u>. (a) Subject to the terms and conditions hereof, each party hereto shall use all best efforts to consummate the transactions contemplated hereby as promptly as practicable.
- (b) The Company and the Purchaser will as promptly as practicable file with the Federal Trade Commission and the Department of Justice the notification and report forms required for the transactions contemplated hereby and any supplemental information that may be reasonably requested in connection therewith pursuant to the HSR Act, which notification and report forms and supplemental information will comply in all material respects with the requirements of the HSR Act. Purchaser shall pay all filing fees required with respect to the notification, report and other requirements of the HSR Act.
- (c) The Sellers, the Company and Purchaser will, as promptly as practicable (i) make the required filings with, and take all reasonable steps to obtain the required authorizations, approvals, consents and other actions of, governmental authorities and (ii) take all reasonable steps (not including the expenditure of money or the payment or delivery of other consideration) to obtain the required consents of other Persons with respect to the transactions contemplated hereby.
- (d) The Company, the Sellers which have executed this Agreement as of the date hereof who in the aggregate hold a majority of the issued and outstanding shares of capital

stock of the Company, and the Representative agree to use their collective best efforts to cause each Seller which has not executed this Agreement as of the date hereof to deliver a counterpart signature page to this Agreement to the Company and the Purchaser within seven (7) business days hereof; provided, that if all such Sellers do not execute a counterpart signature page to this Agreement within such time, the Company, the Sellers signatories hereto and the Representative hereby agree, upon the request of the Purchaser, to execute any documents required or necessary in order to effect the sale of the Shares pursuant to a merger whereby the Company would be merged with and into the Purchaser and to obtain all consents necessary in connection with such merger; provided, further that the economic, financial, and tax effects to the Sellers and the Purchaser upon such merger are substantially equivalent to the economic, financial and tax effects to the Sellers and the Purchaser upon the sale of the Shares as contemplated hereby. If the sale of the Shares is to be effected pursuant to a merger, the Company and the Representative shall use their best efforts to cause each holder of Shares not a signatory hereto to tender their Shares pursuant to the terms of this Agreement for the consideration set forth herein, together with a letter of transmittal in a form satisfactory to the Purchaser setting forth, among other things, the representations and warranties contained in Article III and the agreements contained in Sections 6.9, 6.11, 6.14 and Article X.

- 6.5 <u>Subordinated Notes</u>. The Purchaser shall comply in all respects with the Indenture and the Subordinated Notes, including executing and delivering any supplemental indentures or other instruments, certificates or opinions requested by the trustee under the Indenture to avoid any default or event of default under the Indenture in connection with the transactions contemplated by this Agreement. The Purchaser shall use its best efforts to avoid a Rating Decline (as defined in and pursuant to the Indenture) in respect of the Subordinated Notes, provided that Purchaser shall not be required by this provision to take actions that are not permitted by any agreements to which it is currently a party or pursuant to the credit agreement contemplated by the commitment letter referenced in <u>Section 5.8</u>.
- 6.6 <u>Maintenance of Insurance</u>. The Company and the Subsidiaries will continue to carry its existing insurance through the Closing Date, and shall not allow any breach, default or cancellation (other than expiration and replacement of policies in the ordinary cause of business) of such insurance policies or agreements to occur or exist that would have a Material Adverse Effect.
- 6.7 <u>Supplemental Information</u>. The Company and the Representative may, from time to time prior to or at the Closing, by notice in accordance with the terms of this Agreement, supplement or amend the Disclosure Schedule, including one or more supplements or amendments to correct any matter which would constitute a breach of any representation, warranty, agreement or covenant contained herein. From time to time prior to the Closing, Purchaser will promptly disclose in writing to Sellers any matter hereafter arising which, if existing, occurring or known at the date of this Agreement would have been required to be disclosed to Sellers or which would render inaccurate any of the representations, warranties

or statements set forth in Article V hereof. Any such supplement or amendment will be effective to cure and correct for all purposes any breach of any representation, warranty, agreement or covenant which would have existed if the Company or the Representative had not made such supplement or amendment, and all references to the Disclosure Schedule shall for all purposes after the Closing be deemed to be a reference to the Disclosure Schedule as so supplemented or amended. Notwithstanding any supplemental information or amendment provided pursuant to this Section 6.7, the indemnification rights of Purchaser will not be effected or limited in any respect, except as expressly provided in Section 10.7.

- 6.8 <u>Post-Closing Access and Cooperation</u>. Purchaser will, after the Closing Date, afford promptly to the Sellers and their representatives reasonable access during normal business hours to the offices, facilities, books, records, officers and employees of the Company to the extent and for a purpose reasonably requested by any Seller. Without limiting the generality of the foregoing, Purchaser will, and will cause the Company to, cooperate with the Sellers in the defense of any litigation (including, but not limited to, making personnel available for purposes of trial preparation and testimony) and providing information requested by any Seller for the preparation of any Seller's tax returns.
- 6.9 Resignation of Officers and Directors. Sellers and the Company shall cause each officer and member of the Board of Directors of, and each trustee or fiduciary of any plan or arrangement involving employee benefits of, the Company and the Subsidiaries, if so requested by Purchaser, to tender his or her resignation from such position effective as of the Closing Date. No such requested resignation of an officer of the Company or its Subsidiaries shall be deemed a voluntary resignation for purposes of any Employment Agreement, and will not terminate, reduce or modify their severance or other rights thereunder. The Company and the Subsidiaries shall, as of the Closing Date, release each director and officer of the Company and the Subsidiaries from all claims and liabilities to or in respect of the Company and the Subsidiaries arising in connection with their service as directors and officers of the Company other than claims and liabilities arising out of malfeasance, intentional misconduct or a knowing violation of law.
- 6.10 Employees and Benefits. (a) Purchaser shall continue to employ all Employees who are employed by the Company and the Subsidiaries as of the Closing Date (including, without limitation, those on temporary layoffs or approved leaves of absence) ("Employees") on terms and conditions substantially equivalent to (or superior to) the terms and conditions of employment then provided by the Company and the Subsidiaries, including, without limitation, job responsibilities, wages, compensation and employee benefits no less favorable than that applicable to each such Employee immediately before the Closing Date. Purchaser shall assume (or by virtue of the purchase of the Shares, be deemed to have assumed) all liabilities and obligations with respect to the Employment and Severance Agreements. Effective as of the Closing Date, all Employees will become employees of Purchaser ("Hired Employees"). Purchaser shall not modify or amend the terms and conditions of employment of any Hired Employees in any material respect for a period of (i) six (6) months after the

Closing Date or (ii) with respect to Employees party to Employment and Severance Agreements, for the duration of the term of employment specified therein.

- (b) In any termination or layoff of (i) any employee on the Closing Date as a result of the transactions contemplated by this Agreement or (ii) any Hired Employee by Purchaser after the Closing, Purchaser will comply fully, if applicable, with the Worker Adjustment and Retraining Notification Act of 1988 ("WARN") and all other applicable foreign, Federal state and local laws, including those prohibiting discrimination and requiring notice to employees. The Purchaser shall not, and shall cause the Company and its Subsidiaries not to, at any time prior to 60 days after the Closing date, effectuate a "plant closing" or "mass layoff" as those terms are defined in WARN affecting in whole or in part any facility, site of employment, operating unit or employee of the Company or any Subsidiary without complying fully with the requirements of WARN. Purchaser will bear the cost of compliance with (or failure to comply with) any such laws.
- (c) Purchaser shall, by virtue of the purchase of the Shares, adopt and assume, as of the Closing Date, all Benefit Plans and all of the obligations and liabilities of the Company and the Subsidiaries thereunder, with respect to all persons entitled to benefits under the provisions of each such Benefit Plan, including, without limitation, the obligation to provide or make available welfare benefits to retired employees of the Company and the Subsidiaries. (Each such Benefit Plan assumed and adopted by Purchaser hereunder is referred to herein as an "Assumed Plan"). With respect to each Assumed Plan, Purchaser will become the plan sponsor under each such Assumed Plan and Purchaser shall have all rights of the Company and the Subsidiaries. Sellers shall cooperate in and take all necessary actions and use its best efforts to effect the transfer of the Assumed Plans to Purchaser, including without limitation, assigning or transferring to Purchaser the (A) ownership of any applicable funding arrangements under each Assumed Plan, including any insurance contracts issued by an insurance carrier with respect to the Assumed Plan, and (B) any administrative services contract relating to the Assumed Plan.
- 6.11 <u>Public Announcements</u>. Sellers, the Company and Purchaser will consult with each other before issuing any press release or otherwise making any public statements with respect to the transactions contemplated by this Agreement and no party shall, without the prior written consent of the other, issue any such press release or make any such public statement, except as may be required by applicable law, including the public reporting obligations of the Company, the Sellers and the Purchaser under the Securities Exchange Act of 1934.
- 6.12 <u>Indemnification</u>; <u>Directors and Officers Insurance</u>. For six years from and after the Closing Date, Purchaser agrees to indemnify and hold harmless all past and present officers and directors of the Company and of its Subsidiaries to the same extent such persons are currently indemnified by the Company pursuant to the Company's Restated Certificate of

Incorporation, By-Laws and Director Indemnification Agreements for acts or omissions occurring at or prior to the Closing Date.

- 6.13 Stub Tax Period. (a) For purposes of this Agreement, "Stub Tax Period" means the period (including all prior taxable years) ending on and including the Closing Date. For any taxable year of the Company that does not end on, and would otherwise extend beyond, the Closing Date, there shall be a deemed short taxable year ending on and including such date and a second deemed short taxable year beginning on and including the day after such date. For purposes of allocating gross income and deductions between deemed short taxable years, the books of the Company shall be closed as of the close of business of the Closing Date, and all amounts of income, gain, loss and deduction shall be reflected in the period in which such items accrued under the Company's normal tax accounting methods.
- (b) The reserves and accruals set forth in the Financial Statements are sufficient to pay all Taxes that have become due and payable during, or which have accrued with respect to the Company for periods including the Stub Tax Period and that have not been paid prior to the Closing Date (which reserves shall not take into account any liability for deferred taxes).
- 6.14 Filing of Tax Return. The Sellers shall cause the Company to prepare and file in a timely manner, all tax returns required to be filed by the Company after the date hereof and before the Closing Date with respect to any Tax. All such Tax returns will be subject to Purchaser's review prior to filing; provided, however, that Purchaser's review shall not delay the timely filing of such returns. The Purchaser shall prepare and file in a timely manner, all Tax returns to be filed for the Stub Tax Period required to be filed on or after the Closing Date with respect to any Tax. All such Tax returns will be subject to Sellers' review prior to filing; provided, however, that Sellers' review shall not delay the timely filing of such returns. All such Tax returns shall be accurate and complete in all material respects, and shall be prepared, and any elections relating thereto made, in a manner consistent with the prior practice of the Company to the extent permitted by law.
- 6.15 <u>Capital Changes</u>; <u>Dividends</u>. The Company and the Subsidiaries shall not issue or sell options, warrants to purchase or rights to subscribe to, or enter into any arrangement or Contract with respect to any of its capital stock or any of its other securities, or make any other changes in the capital structure of the Company and the Subsidiaries. No dividend or other distribution of any nature will be declared, made, set aside or paid on or in respect of any of the capital stock of the Company, other than scheduled quarterly dividends on the Class A and Class B Preferred Stock, nor will the Company, directly or indirectly, issue, redeem, retire, purchase or otherwise acquire any of its capital stock, except in each such case, as contemplated by this Agreement.

- 6.16 Payment of Ownership Percentage. (a) The Representative shall pay to each Seller on the Closing Date by certified or cashiers check or wire transfer of funds its respective Ownership Percentage of the Closing Seller Proceeds.
- (b) If there are any funds remaining in the Temporary Escrow Account after the termination or release of the escrowed proceeds thereunder, the Representative shall deliver to each Seller its Ownership Percentage of such remaining escrowed proceeds.
- (c) If there are any funds remaining in the Escrow Account after the termination or release of the escrowed proceeds thereunder, the Purchaser shall direct the Escrow Agent to deliver to the Representative on behalf of the Seller, such remaining escrowed proceeds and the Representative shall deliver to each Seller its Ownership Percentage of such remaining escrowed proceeds.
- Engineering and Consulting to undertake a Phase I environmental assessment of certain real property and facilities owned, leased or operated by the Company and its Subsidiaries in accordance with the standards for the conduct of Phase I environmental assessments generally followed by nationally recognized environmental consulting firms (the "Phase I"). In no event shall the Phase I include any intrusive testing or sampling. A report has been prepared by ENSR Environmental Engineering and Consulting, and copies thereof shall be provided to Purchaser and Sellers.

 ARTICLE VII

CONDITIONS PRECEDENT TO OBLIGATIONS OF PURCHASER

The obligations of Purchaser at Closing under this Agreement are subject to the satisfaction or waiver by Purchaser of the following conditions precedent on or before the Closing Date:

- 7.1 Warranties True as of Both Present Date and Closing Date. The representations and warranties of each Seller contained in Article III and of the Company in Article IV herein shall have been accurate, true and correct on and as of the date of this Agreement and as of the Closing Date, in all material respects and taken as a whole, except as would not have a Material Adverse Effect.
- 7.2 Compliance with Agreements and Covenants. Each Seller and the Company shall have performed and complied with all of the covenants, obligations and agreements contained in this Agreement to be performed and complied with by him, her or it on or prior

to the Closing Date, in all material respects, except as otherwise permitted or contemplated by this Agreement and except as would not have a Material Adverse Effect.

- 7.3 Expiration of HSR Waiting Period. The applicable waiting period under the HSR Act shall have expired or been earlier terminated without action by the Department of Justice or the Federal Trade Commission to prevent consummation of the transactions contemplated by this Agreement.
- 7.4 <u>No Prohibition</u>. No law or injunction shall have been adopted, promulgated or entered by any governmental authority which prohibits the consummation of the transactions contemplated hereby.
- 7.5 No Material Adverse Change. Except as contemplated by the Disclosure Schedule, there shall not have occurred any material adverse change (taken together with all other developments) since the date of this Agreement in the business, operations, assets, results and condition (financial and other) of the Company and its Subsidiaries taken as a whole and which would have a Material Adverse Effect.
- 7.6 <u>Termination of TJC Agreement</u>. The TJC Consulting Agreement shall have been terminated and discharged, and the Company and the Subsidiaries and the Purchaser shall have been released from all obligations and liabilities under the TJC Consulting Agreement pursuant to the TJC Pay-off Letter.
- 7.7 <u>Repayment of Indebtedness</u>. The indebtedness, obligations and liabilities under the Credit Agreement shall have been paid in full (except for the NEWFLO Letters of Credit, as contemplated by <u>Section 2.5</u>) and the Company and its Subsidiaries and the Purchaser shall have been released from all obligations and liabilities under the Credit Agreement in accordance with the Senior Lender Pay-off Letter.
- 7.8 <u>Capitalization</u>. The Company shall have caused all shares of Class B Preferred Stock to be converted into shares of Class A Common Stock and shall have paid all accrued dividends thereon pursuant to the Restated Certificate of Incorporation and in accordance with <u>Section 2.4</u>. The Company shall have redeemed all outstanding shares of Class A Preferred Stock in accordance with the Restated Certificate of Incorporation with the proceeds of the Purchase Price and in accordance with <u>Section 2.4</u>.
- 7.9 <u>Escrow Agreement</u>. The Representative shall have entered into the Escrow Agreement, and the Escrow Agreement (assuming execution and delivery by Purchaser) shall be in full force and effect.
 - 7.10 <u>Documents</u>. Purchaser shall have received:
 - (a) the Continued Debt Certificate;

- (b) the Senior Lender Pay-off Letter;
- (c) the TJC Pay-off Letter;
- (d) the SAR Pay-Off Letters;
- (e) the Other Debt Pay-Off Letters;
- (f) certificates evidencing all of the Shares, which certificates shall be duly endorsed in blank or accompanied by duly executed stock powers assigning them to Purchaser:
- (g) the resignations of directors and officers of the Company and the Subsidiaries pursuant to Section 6.9;
- (h) a certificate, dated the Closing Date, of each Seller substantially to the effect set forth in Sections 7.1 and 7.2 with respect to representations, warranties, agreements and covenants of such Seller (each, a "Seller Closing Certificate") and a certificate of the Company substantially to the effect set forth in Sections 7.1 and 7.2 with respect to the representations, warranties, agreements and covenants of the Company (the "Company Closing Certificate"), and a certificate of the Company, dated the Closing Date, certifying that it is not a United States Real Property Holding Corporation as defined in Section 897(c)(2) of the Code in form reasonably satisfactory to the Purchaser;
- (i) the Restated Certificate of Incorporation of the Company certified by the Secretary of State of the State of Delaware and the By-laws of the Company certified by the secretary, assistant secretary or equivalent Person of the Company and a certificate of the secretary, assistant secretary or equivalent Person of the Company certifying resolutions of the Company approving and authorizing the execution, delivery and performance of this Agreement and its Related Agreements and the consummation of the transactions contemplated hereby and thereby (together with an incumbency and signature certificate regarding the officer(s) signing on behalf of Company); and
- (j) Certificate of Good Standing for the Company from the Secretary of State of the State of Delaware.
- 7.11 Adverse Change in Capital Markets. The lender which provided the commitment letter to Purchaser related to the credit facility by which Purchaser intends to fund payment of the Purchase Price shall not have failed to fund its commitment by reason of (i) a generally recognized capital market crisis as evidenced by a 20% decline in the Dow Jones Industrial Average over a period of five consecutive trading days or a virtual cessation

- 8.4 <u>No Prohibition</u>. No law or injunction shall have been adopted, promulgated or entered by any governmental authority which prohibits the consummation of the transactions contemplated hereby.
- 8.5 Repayment of Indebtedness. If the Purchaser elects to pay at the Closing the amounts payable by the Representative by Section 2.3(c)(i), the indebtedness, obligations and liabilities under the Credit Agreement shall have been paid in full (except for the NEWFLO Letters of Credit, as contemplated by Section 2.5) and the Company and its Subsidiaries and the Purchaser shall have been released from all obligations and liabilities under the Credit Agreement in accordance with the Senior Lender Pay-off Letter.
- 8.6 <u>Documents</u>. The Representative shall have received, in form and substance satisfactory to him:
 - (a) A certificate, dated the Closing Date, of an officer of Purchaser substantially to the effect set forth in <u>Sections 8.1</u> and <u>8.2</u> (the "<u>Purchaser Closing Certificate</u>");
 - (b) A certificate of the secretary, assistant secretary or equivalent Person of Purchaser certifying resolutions of the board of directors of Purchaser approving and authorizing the execution, delivery and performance of this Agreement and its Related Agreements and the consummation of the transactions contemplated hereby and thereby (together with an incumbency and signature certificate regarding the officer(s) signing on behalf of Purchaser);
 - (c) The Certificate of Incorporation of Purchaser certified by the Secretary of State of the State of Oregon and the By-laws of the Purchaser certified by the secretary, assistant secretary or equivalent Person of Purchaser;
 - (d) Certificate of Good Standing for the Purchaser from the Secretary of State of the State of Oregon;
 - (e) The Senior Lender Pay-Off Letter;
 - (f) The TJC Pay-Off Letter;
 - (g) The SAR Pay-Off Letters; and
 - (h) The Other Debt Pay-Off Letters.
- 8.7 <u>Letters of Credit.</u> Purchaser shall have delivered replacement or additional letters of credit to replace or back-up the NEWFLO Letters of Credit pursuant to <u>Section 2.5</u> in form satisfactory to the representative, the Senior Lenders and the beneficiaries of the

NEWFLO Letters of Credit. NEWFLO and the Subsidiaries shall have been fully released and discharged from all obligations under the NEWFLO Letters of Credit.

ARTICLE IX

TERMINATION

- 9.1 <u>Termination</u>. This Agreement may be terminated at any time on or prior to the Closing Date:
 - (a) With the mutual consent of the Company, the Representative and Purchaser;
 - (b) By written notice from the Representative or Purchaser to the other, if the Closing shall not have taken place on or before August 31, 1996 or, if the Closing has not occurred solely due to the failure of the conditions set forth in Sections 7.3 and 8.3, then on or before September 30, 1996; provided, however, that the right to terminate this Agreement under this Section 9.1(a) shall not be available to any party whose failure to perform any obligation under this Agreement has been the cause of or resulted in the failure of the Closing to occur on or before such date, or
 - (c) By the Purchaser if there has been a breach on the part of a Seller or the Company in the representations, warranties or covenants set forth herein, or any failure on the part of a Seller or the Company to comply with its obligations hereunder which breach or failure would result in a Material Adverse Effect, such that, in any such case, any of the conditions to the Closing set forth in Article VII hereof could not be satisfied prior to August 31, 1996 or, if the Closing has not occurred solely due to the failure of the conditions set forth in Sections 7.3 and 8.3, then on or before September 30, 1996;
 - (d) By the Representative if there has been a breach of the Purchaser in its representations, warranties or covenants set forth herein, or any failure on the part of the Purchaser to comply with its obligations hereunder, such that, in any such case, any of the conditions to the Closing set forth in <u>Article VIII</u> hereof could not be satisfied on or prior to August 31, 1996 or, if the Closing has not occurred solely due to the failure of the conditions set forth in <u>Sections 7.3</u> and <u>8.3</u>, then on or before September 30, 1996; or
 - (e) By written notice from the Representative or Purchaser to the other, if any court of competent jurisdiction or other governmental body shall have issued an order, decree or ruling or taken any other action permanently restraining, enjoining or

otherwise prohibiting the transactions contemplated hereby and such order, decree, ruling or other action shall have become final and nonappealable.

9.2 Effect of Termination. If this Agreement is terminated pursuant to Section 9.1, all obligations of the parties hereunder (except for the obligations set forth in Sections 9.2 and 11.1, which shall survive the termination of this Agreement) shall terminate without liability of any party (or any stockholder, Affiliate, director, officer, employee, agent, consultant or representative of such party) to any other party, except that no such termination shall relieve any party from liability for any willful breach of this Agreement prior to such termination, and the willfully breaching party shall be fully liable for any and all Losses sustained or incurred by any other party from such breach.

ARTICLE X

SURVIVAL AND REMEDY; INDEMNIFICATION

- 10.1 Survival. All of the terms and conditions of this Agreement, together with the warranties, representations, agreements and covenants contained herein or in any instrument or document delivered or to be delivered pursuant to this Agreement, shall survive the execution of this Agreement and the Closing Date, notwithstanding any investigation heretofore or hereafter made by or on behalf of any party hereto; provided, however, that (a) the foregoing shall be subject to Section 6.7, (b) the agreements and covenants (other than the indemnification provisions set forth in this Article X, which will survive as provided below) set forth in this Agreement shall survive and continue until all obligations set forth therein shall have been performed and satisfied and the applicable statute of limitations for breaches or defaults of such agreements and covenants has expired; and (c) all representations and warranties, and the related agreements of the Sellers and Purchaser to indemnify each other set forth in this Article X, shall survive and continue for, and all indemnification claims with respect thereto shall be made prior to the end of two years from the Closing Date, except for representations, warranties and related indemnities for which an indemnification claim shall be pending as of the end of the applicable period referred to above, in which event such indemnities shall survive with respect to such indemnification claim until the final disposition thereof (the "Indemnification Period"), and (iv) representations and warranties set forth in Section 3.1(a) and indemnities related thereto, which will survive indefinitely. Thereafter, no party shall be under any obligation or liability whatsoever with respect to any such representation, warranty, covenant or agreement or any certificate in respect thereto. All techores
- 10.2 <u>Indemnification by Sellers</u>. Subject to <u>Section 10.7</u>, Sellers agree to indemnify Purchaser and the Company and each of their respective Affiliates, and their respective officers, directors, employees, stockholders, representatives and agents, against, and agree to hold it and them harmless from, any and all Losses incurred or suffered by Purchaser or any

Ms Fret,

of the foregoing persons (or any combination thereof) arising out of any of the following:

(a) any breach of or any inaccuracy in any representation or warranty made by Sellers pursuant to Article III of this Agreement or any Related Agreement and (b) any breach of or failure by Sellers to perform any covenant, agreement or obligation of Sellers in this Agreement. Subject to Section 10.7, the Sellers agree to indemnify Purchaser and each of its Affiliates, and their respective officers, directors, employees, stockholders, representatives and agents, against, and agree to hold it and them harmless from, any and all Losses incurred or suffered by Purchaser or any of the foregoing persons (or any combination thereof) arising out of any of the following: (a) any breach or inaccuracy in any representation or warranty made by the Company pursuant to Article IV of this Agreement, (b) any breach of or failure by the Company to perform any covenant, agreement or obligation of the Company in this Agreement, and (c) any matter described in Section 4.15 (c) and Material Adverse Effect.

- 10.3 Indemnification by Purchaser. Purchaser agrees to indemnify the Sellers and each of their respective officers, directors, partners, trustees, employees, stockholders representatives and agents, against, and agrees to hold them harmless from, any and all Losses incurred or suffered by Sellers or any of the foregoing persons (or any combination thereof) arising out of (i) any breach of or any inaccuracy in any representation or warranty made by Purchaser pursuant to Article V of this Agreement or any Related Agreement; (ii) any breach of or failure by Purchaser to perform any agreement, covenant or obligation of Purchaser set out in this Agreement or any Related Agreement, any agreement, or instrument contemplated hereby, any document relating hereto or thereto or contained in any Exhibit to this Agreement; and (iii) any acts or omissions by Purchaser or the Company and any obligations and liabilities in respect of the Company from and after the Closing Date.
- 10.4 Indemnification Exclusive Remedy. The sole recourse and exclusive remedy of Purchaser, Sellers, and the Company after the Closing Date for the breach of any representations and warranties contained in this Agreement, the Related Agreements, any agreement, or instrument contemplated hereby, any document relating hereto or thereto contained in any Schedules or Exhibit to this Agreement, or otherwise arising from Purchaser's acquisition of the Shares, shall be to assert a claim for indemnification under the indemnification provisions of Sections 10.2 and 10.3. The only legal action which may be asserted by any party hereto against any other party hereto with respect to any matter which is the subject of this Article X shall be a contract action to enforce, or to recover Losses for the breach of, this Agreement. Without limiting the generality of the foregoing, no legal action based upon predecessor or successor liability, contribution, tort or strict liability may be maintained by any party hereto against any other party hereto with respect to any matter that is the subject of this Article X.
- 10.5 <u>Third-Party Claims</u>. Except as otherwise provided in this Agreement, the following procedures shall be applicable with respect to indemnification pursuant to this

Article X relating to or arising out of claims, actions or omissions by Authorities, or other third parties. Promptly after receipt by the party seeking indemnification hereunder (hereinafter the "indemnitee") of notice of the commencement of any (a) tax audit or proceeding for the assessment of any Tax by any taxing authority or any other proceeding likely to result in the imposition of a liability or obligation for Taxes or (b) any action or the assertion of any claim, liability or obligation by an authority or a third party (whether by legal process or otherwise), against which claim, liability or obligation a party under this Article X (hereinafter the "indemnitor") that is, or may be, required under this Agreement to indemnify such indemnitee, the indemnitee will, if a claim thereon is to be, or may be, made against the indemnitor pursuant to this Article X, notify the indemnitor in writing of the commencement or assertion thereof and give the indemnitor a copy of such claim, process and all legal pleadings and other written evidence thereof. The indemnitor shall have, in all instances the right to participate in the defense of such action with counsel of reputable standing. The indemnitor shall have the right to assume the defense of such action unless such action (a) may result in orders, injunctions or other equitable remedies in respect of the indemnitee or its business; or (b) may result in liabilities which, taken with other then existing claims under this Article X, would not be fully indemnified hereunder. The indemnitor shall have 10 days, after receipt of notice of such claim, process, legal proceeding and other written notice, to assume the defense thereof. If the indemnitor does assume such defense, it will, within such 10 days, so notify the indemnitee. If the indemnitor does not assume such defense and so notify the indemnitee, or if the indemnitor is barred from assuming such defense pursuant to this Section 10.5, then the indemnitee shall assume such defense, subject to the participation of the indemnitor, as provided in this Section 10.5, and the indemnitee's fees and expenses (including fees and expenses of counsel) in connection with such defense will be borne by the indemnitor. In any case, the indemnitor and indemnitee shall cooperate and assist each other in such defense, and shall make available to the other all records, documents and information (written or otherwise) relevant to such defense. If the indemnitee shall be required by judgment or a settlement agreement to pay any amount in respect of any obligation or liability against which the indemnitor has agreed to indemnify the indemnitee under this Agreement, the indemnitee shall make a claim with the Escrow Agent for such amount (which shall include all reasonable legal fees and documented expenses related thereto) to be withdrawn from the Escrow Account in accordance with the terms and provisions of the Escrow Agreement, subject to this Article X. Prior to paying any claim against which an indemnitor is, or may be, obligated under this Agreement to indemnify an indemnitee, the indemnitee must first supply the indemnitor with a copy of a final court judgment or decree, or evidence of assessment of Taxes or a similar final action by a taxing authority, holding the indemnitee liable on such claim or failing such judgment or decree, must first receive the written approval of the terms and conditions of such settlement from the indemnitor which consent shall not be unreasonably withheld. Indemnitor's consent shall not be required for settlements (a) which consist principally of equitable remedies in respect of the indemnitee or its Business, or (b) that result in payments by the indemnitee which, taken with other then existing claims under this Article X, would not be fully indemnified hereunder. An

indemnitor or indemnitee shall have the authority to settle or compromise any claim for which it has assumed or conducted the defense pursuant to this Section 10.5; provided, that an indemnitor shall not settle or compromise any such claim if such settlement or compromise would result in an order, injunction or other equitable remedy in respect of the indemnitee, or would result in liabilities which, taken together with other existing claims under this Article X, would not be fully indemnified hereunder; in each case, without the prior written consent of the indemnitee, which consent will not be unreasonably withheld. An indemnitee shall have the right to employ its own counsel in any case, but the fees and expenses of such counsel shall be at the expense of the indemnitee, unless (x) the employment of such counsel shall have been authorized in writing by the indemnitor in connection with the defense of such action or claim, (v) the indemnitor shall not have assumed the defense, or shall be barred from assuming the defense, of such action or claim pursuant to this Section 10.5, or (z) such indemnitee shall have reasonably concluded that there may be defenses available to it which are contrary to, or inconsistent with, those available to the indemnitor, in any of which events such reasonable fees and expenses of counsel for the indemnified parties shall be borne by the indemnitor, in accordance with the following paragraph.

In the event that the Sellers are the indemnitor, or in the event that the indemnitor shall have the right to assume defense of a claim pursuant this Section or is required to pay the legal fees and expenses of the indemnitee, all such reasonable fees and expenses in connection with the defense of such claim shall be advanced from the Escrow Account in accordance with the Escrow Agreement, and Purchaser and Seller shall execute any joint written notice to the Escrow Agent and otherwise to cooperate with the other in obtaining such advance or advances of funds.

10.6 Purchaser-Seller Claims. In the event that any indemnitee believes that it is entitled to claim indemnification from an indemnitor under this Article X, the indemnitee shall notify the indemnitor of such claim, the amount or estimated amount thereof and the basis for such claim (which will be described in reasonable detail). The indemnitor, on the one hand, and Purchaser, or Sellers, as the case may be, which is not the indemnitor, on the other hand, will proceed, in good faith, and using reasonable efforts, to agree on the amount of such indemnification claim. If they are unable to agree on the amount of such indemnification claim within 30 days after such notice, then the indemnification claim will be submitted to arbitration conducted pursuant to the rules and procedures of the American Arbitration Association. The determination of the amount of any indemnification claim pursuant to this Section 10.6 will be final, binding and conclusive, and the indemnitee, upon final determination of the amount of the indemnification claim will be paid, by the indemnitor or the Escrow Agent, as the case may be, within 10 days of such final determination, the full amount, in cash, of such indemnification claim, as finally determined, and will be entitled to apply to any court or authority of competent jurisdiction to enforce such payment (the fees and expenses of such enforcement, if necessary, to be borne by the indemnitor subject to the provisions of this Article X, if applicable).

- 10.7 <u>Indemnification Limits</u>. (a) From and after the Closing, Purchaser shall maintain customary and property, casualty, business interruption and other insurance in respect of the Company in accordance with Purchaser's general practices provided, that such insurance coverage will be at least as favorable to the Company as the Company's insurance coverage prior to Closing. Indemnification claims shall be reduced, by and to the extent, that an indemnitee shall have received or reasonably expects to receive proceeds under insurance policies, risk sharing pools, or similar arrangements specifically as a result of, and in compensation for, the subject matter of an indemnification claim by such indemnitee.
- (b) Purchaser shall not be entitled to indemnification pursuant to Section 10.2 and Sellers will not be entitled to indemnification pursuant to Section 10.3 with respect to any breach or misrepresentation of any representation or warranty until such time as its respective aggregate right to such indemnification exceeds \$2,000,000 after which, Purchaser or Sellers will be entitled to such indemnification in excess of \$750,000 when indemnification exceeds \$2,000,000. Purchaser shall not be entitled to indemnification pursuant to Section 10.2 for amounts which, in the aggregate, exceed a \$15,000,000 ceiling, except for indemnification claims in respect of a breach by any Seller of its representations and warranties set forth in Section 3.1(a), as to which Purchaser shall not be entitled to indemnification pursuant to Section 10.2 for amounts which, in the aggregate, exceed a ceiling equal to such Seller's Ownership Percentage of the Closing Seller Proceeds. Purchaser releases and discharges the Seller from any further claims, obligations or liabilities for any losses, or claims in excess of such ceiling amounts.
- (c) Purchaser shall only be entitled to indemnification pursuant to Section 10.2(a) or (b) from the particular Seller whose breach gives rise to such indemnification and only for such Seller's Ownership Percentage of the Escrow Account, except as provided in Section 10.7(b) with respect to a breach of Section 3.1(a), and the other Sellers shall not be obligated to provide indemnification or otherwise be obligated or liable therefor and the remaining portion of the Escrow Account will not be available to Purchaser in respect of such breach.
 - (d) Purchaser will not be entitled to indemnification pursuant to this Article X:
 - (i) with respect to consequential damages consisting of business interruption or lost profits, or with respect to punitive damages, except where such damages are incurred by or awarded to a third party making a claim against such an indemnitee;
 - (ii) with respect to a breach by the Sellers or the Company of a representation or warranty before the Closing Date if the Company supplemented the Disclosure Schedule pursuant to Section 6.7 to provide new information or correct such misrepresentation and the result of such supplement results in a Loss not in excess of \$100,000;

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(iii) with respect to any claim by or liability to any employee employed by the Company and the Subsidiaries arising as the result of the termination of such employee's employment with the Company or the Subsidiaries or any action by Purchaser subsequent to the Closing Date;

(estable)

- (iv) to the extent of any reserves, accruals or amounts recorded as of the Closing Date with respect to any obligation, liability or matter for which reserves or accruals are reflected in the Company's financial statements and \$436,000 in the ENSR Report, dated November 1995, on the acquisition of Barber Industries, Ltd. titled NEWFLO Corporation, Environmental Due Diligence Examination of Barber Industries, Ltd., without duplication;
- (v) with respect to any obligation, liability or matter, including environmental remediation and clean-up, arising under laws, regulations or statutes that arise or are promulgated or announced after the Closing Date; and
- (vi) any obligation, liability or matter arising out of information Purchaser discloses to any Authority which disclosure is not required by Environmental Law or for which disclosure would not otherwise be reasonable business practice in accordance with Purchaser's past practices, without consideration of indemnification under this Article X.
- (e) Any indemnification of or recovery by Purchaser for Losses under this Agreement, any agreement, or instrument contemplated hereby, any document relating hereto or thereto or contained in any Exhibit or Schedule to this Agreement arising after the Closing Date shall be limited solely to funds in the Escrow Account with the Escrow Agent under the Escrow Agreement, except as provided in Section 10.7(b) with respect to a breach of Section 3.1(a).
- (f) The Sellers shall not be obligated or liable for any Taxes or Tax-related indemnities, obligations or liabilities if and to the extent arising from any tax determinations, allocations or positions of the Purchaser or the Company after the Closing that are different from those of the Company prior to the Closing.
- (g) The indemnified party shall utilize all reasonable efforts, consistent with normal practices and policies and good commercial practice, to mitigate such Losses, including reasonably pursuing other available indemnity rights.
- (h) Any amounts payable under <u>Section 10.2</u> or <u>Section 10.3</u> shall be treated by Purchaser, Sellers and the Company as an adjustment to the purchase price of the Shares, and shall be calculated after giving effect to (i) any proceeds received from insurance policies covering the damage, loss, liability or expense that is the subject to the claim for indemnity and (ii) the actual recognized tax benefit to the indemnitee resulting from the damage, loss,

liability or expense that is the subject of the indemnity; provided that to the extent that any tax benefit is recognized in a tax year other than the year in which the indemnity is paid, the indemnitee shall make a payment to the indemnitor in the amount of such recognized tax benefit in the year in which it is realized. For purposes of this Section 10.7, an actual recognized tax benefit is an actual reduction in taxes payable or a refund of taxes previously paid. Without limiting clause (ii), the taking of a Tax deduction in connection with any such damage, loss, liability or expense that is subject to a claim for indemnification shall be at the discretion of Purchaser.

ARTICLE XI

MISCELLANEOUS

- 11.1 Expenses. Each party hereto shall bear its own expenses (including legal fees and expenses) with respect to this Agreement and the transactions contemplated hereby, except that such expenses of the Company and the Sellers shall be paid by the Representative, on behalf of the Company and the Sellers, in accordance with Section 2.3.
- 11.2 <u>Limitation of Best Efforts</u>. For purposes of this Agreement, when an obligation is imposed upon the Purchaser, Company or the Sellers to use its or their "best efforts" and/or "best efforts to cause", or words of similar import are used, they shall not be required to pay or transfer any money, property or other thing of value to any other party except nominal and routine charges for filing or recording fees, and courier and other communication services.
- 11.3 <u>Amendment</u>. This Agreement may be amended, modified or supplemented but only in writing signed by the Purchaser, the Company and the Representative.
- 11.4 <u>Notices</u>. Any notice, request, instruction or other document to be given hereunder by a party hereto shall be in writing and shall be deemed to have been given, (a) when received if given in person or by courier or a courier service, (b) on the date of transmission if sent by telex, facsimile or other wire transmission or (c) five Business Days after being deposited in the U.S. mail, certified or registered mail, postage prepaid:
 - (a) If to any Seller, addressed as follows:

c/o Jonathan F. Boucher The Jordan Company 9 West 57th Street Suite 4000 New York, New York Facsimile No.: (212) 755-5263 with a copy to:

Mayer, Brown & Platt 1675 Broadway New York, New York 10019 Attention: James B. Carlson Facsimile No.: (212) 262-1910

(b) If to Purchaser, addressed as follows:

Precision Castparts Corp.
4600 SE Harney Drive
Portland, Oregon 97206
Attention: President and Chief Executive Officer
Facsimile No.: (503) 653-4817

with a copy to:

Stoel Rives LLP 900 SW Fifth Avenue, Suite 2300 Portland, Oregon 97204 Attention: Ruth A. Beyer Facsimile No.: (503) 220-2480

or to such other individual or address as a party hereto may designate for itself by notice given as herein provided.

- 11.5 <u>Waivers</u>. The failure of a party hereto at any time or times to require performance of any provision hereof shall in no manner affect its right at a later time to enforce the same, except as provided in <u>Section 6.7</u>. No waiver by a party of any condition or of any breach of any term, covenant, representation or warranty contained in this Agreement shall be effective unless in writing, and no waiver in any one or more instances shall be deemed to be a further or continuing waiver of any such condition or breach in other instances or a waiver of any other condition or breach of any other term, covenant, representation or warranty.
- 11.6 <u>Counterparts</u>. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
- 11.7 <u>Interpretation</u>. The headings preceding the text of Articles and Sections included in this Agreement and the headings to Sections of the Disclosure Schedule are for convenience only and shall not be deemed part of this Agreement or the Disclosure Schedule

or be given any effect in interpreting this Agreement or the Disclosure Schedule. The use of the masculine, feminine or neuter gender herein shall not limit any provision of this Agreement. The use of the terms "including" or "include" shall in all cases herein mean "including, without limitation" or "include, without limitation," respectively. Underscored references to Articles, Sections, Paragraphs, Subsections, Exhibits or Schedules shall refer to those portions of this Agreement. Time is of the essence of each and every covenant, agreement and obligation in this Agreement.

- 11.8 <u>APPLICABLE LAW</u>. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO THE PRINCIPLES OF CONFLICTS OF LAW THEREOF.
- 11.9 <u>Binding Agreement</u>. This Agreement and the Related Agreements shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. No party may assign its rights or obligations under this Agreement without the prior written consent of the other parties.
- 11.10 No Third Party Beneficiaries. This Agreement is solely for the benefit of the parties hereto and no provision of this Agreement shall be deemed to confer upon third parties any remedy, claim, liability, reimbursement, cause of action or other right.
- 11.11 <u>Publicity</u>. Prior to the Closing Date, except as required by law or the rules of any stock exchange, no public announcement or other publicity regarding this Agreement or the transactions referred to herein shall be made by either party hereto or any of their respective Affiliates, officers, directors, employees, representatives or agents, without the prior consent of the other party, in any case, as to form, content, timing and manner of distribution or publication; provided, however, that nothing in this Section shall prevent such parties from discussing such transactions with those Persons whose approval, agreement or opinion, as the case may be, is required for consummation of such transactions.
- 11.12 <u>Further Assurances</u>. Upon the reasonable request of Purchaser or the Representative, each party will on and after the Closing Date execute and deliver to the other parties such other documents, assignments and other instruments as may be required to effectuate completely the transfer and assignment to Purchaser of, and to vest fully in Purchaser title to, the Shares, and to effect and evidence the provisions of this Agreement and the Related Agreements and the transactions contemplated hereby.
- 11.13 Entire Understanding. The Exhibits and Schedules identified in this Agreement are incorporated herein by reference and made a part hereof. This Agreement and the Related Agreements set forth the entire agreement and understanding of the parties hereto and supersede any and all prior agreements, arrangements and understandings among the parties.

- 11.14 <u>Limitation on Warranties</u>. The Sellers make no representations or warranties with respect to any projections, forecasts or forward-looking information provided to Purchaser. There is no assurance that any projected or forecasted results will be achieved. EXCEPT AS TO THOSE MATTERS COVERED BY THE REPRESENTATIONS AND WARRANTIES IN ARTICLES III AND IV, THE COMPANY AND THE SELLERS DISCLAIM ALL REPRESENTATIONS AND WARRANTIES, WHETHER EXPRESS OR IMPLIED, AS TO ANY OTHER INFORMATION OR MATTERS. Purchaser acknowledges that neither the Company, any Subsidiary nor any Seller or any other Person has made any representation or warranty, express or implied, as to the accuracy or completeness of any information which is not included in this Agreement or the Disclosure Schedule, and neither the Company, any Subsidiary, any Seller nor any other Person will have or be subject to any liability to Purchaser, any Affiliate thereof or any other Person resulting from the distribution of any such information to, or use of any such information by, Purchaser, any Affiliate thereof or any of their agents, consultants, accountants, counsel or other representatives. Without limitation of the foregoing, to the extent that any memoranda or summaries prepared by any Seller, the Company, any Subsidiary or by any of their respective advisors or representatives regarding the Company, the Subsidiaries, or their respective businesses are or have been provided to Purchaser, Purchaser acknowledges and agrees that no representation or warranty is made to Purchaser or any Affiliate thereof or any other Person as to the completeness or accuracy of such memoranda or summaries.
- Schedule shall be deemed to be disclosed with respect to any other relevant portion, whether or not an explicit cross-reference appears. No representation or warranty hereunder shall be deemed to be inaccurate if the actual situation is disclosed in the Disclosure Schedule. Neither the specification of any dollar amount in any representation, warranty or covenant contained in this Agreement nor the inclusion of any specific item in the Disclosure Schedule hereto is intended to imply that such amount, or higher or lower amounts, or the item so included or other items, are or are not material, and no party shall use the fact of the setting forth of any such amount or the inclusion of any such item in any dispute or controversy between the parties as to whether any obligation, item or matter not described herein or included in the Disclosure Schedule is or is not material for purposes of this Agreement.
- 11.16 Representative. (a) Notwithstanding any statement to the contrary contained herein, the Company and each Seller hereby irrevocably authorizes and appoints TJC Management Corp. or their successor appointed pursuant to this Section (the "Representative") as its true and lawful attorney and representative with full power and authority to take any and all actions and execute any and all documents and agreements in the Company or such Seller's name, place and stead, with the same effect as if such action were taken or such document or agreement were executed by the Company or such Seller, in connection with any matter or thing relating to this Agreement, any Related Agreement or any of the transactions contemplated hereby or thereby, including (without limitation) (i) to negotiate and settle any claim for indemnification by Purchaser against the Company or any

- Seller, (ii) to accept any funds on behalf of the Company or such Seller, (iii) to enter into amendments of this Agreement and the Related Agreements, and (iv) to make the determinations and payments described in Article II. TJC Management Corp. hereby accepts their appointment as the Representative and agrees to perform all of the duties of the Representative hereunder. The appointment shall terminate with respect to the Company at the Closing.
- (b) The Representative cannot resign or be removed by the Sellers or the Company, respectively, except upon delivery to Purchaser of a written instrument signed by the successor Representative and by the Company or by Sellers (or their successors in interest) having a majority of the Ownership Percentage, as the case may be, in which the successor Representative agrees to serve as Representative and the Company or said Sellers consent thereto (such instrument being referred to as a "Representative Replacement Instrument").
- (c) The signature of the Representative on behalf of the Company or Sellers shall be deemed to be the signature of the Company or each of the Sellers, as the case may be, and they shall be bound by the terms of any documents and agreements executed and delivered by the Representative pursuant to this Agreement as though they were actual signatories thereto. Purchaser shall be entitled to rely, without any investigation or inquiry by Purchaser, upon all action by the Representative as having been taken upon the authority of the Company or the Sellers. Any action by the Representative taken on behalf of the Company or a Seller shall be conclusively deemed to be the action of the Company or such Seller, and Purchaser shall not have any liability or responsibility to the Company or any Seller for any action taken in reliance thereon.
- (d) The Sellers hereby agree to bear the reasonable charges of the Representative, including reimbursement for out-of-pocket expenses and other costs, and such attorneys' fees, expenses and other costs as may be incurred by Representative in connection with the administration of the provisions of this Agreement.
- (e) Notwithstanding anything herein to the contrary, the Representative shall not be obligated to inquire as to the form, execution, sufficiency or validity of any such instruments or agreements or the identity or authority or offices of the persons executing and delivering the same. The Representative shall not be liable to any party hereto for any act which he may do or omit to do hereunder in good faith, and the Sellers hereby covenant and agree, severally, forever to save, hold and keep the Representative harmless from any liability-or claims (including attorneys' fees, court costs and arbitration costs) suffered or incurred, directly or indirectly, in connection with this Agreement; provided, however, that the Representative shall be fully responsible for any and all acts of willful misconduct or fraud on the part of the Representative.
- 11.17 JURISDICTION OF DISPUTES; WAIVER OF JURY TRIAL. IN THE EVENT ANY PARTY TO THIS AGREEMENT COMMENCES ANY LITIGATION.

PROCEEDING OR OTHER LEGAL ACTION IN CONNECTION WITH OR RELATING TO THIS AGREEMENT, ANY RELATED AGREEMENT OR ANY MATTERS DESCRIBED OR CONTEMPLATED HEREIN OR THEREIN. WITH RESPECT TO ANY OF THE MATTERS DESCRIBED OR CONTEMPLATED HEREIN OR THEREIN, THE PARTIES TO THIS AGREEMENT HEREBY (A) AGREE UNDER ALL CIRCUMSTANCES ABSOLUTELY AND IRREVOCABLY TO INSTITUTE ANY LITIGATION, PROCEEDING OR OTHER LEGAL ACTION IN A COURT OF COMPETENT JURISDICTION LOCATED WITHIN THE CITY OF NEW YORK, NEW YORK, WHETHER A STATE OR FEDERAL COURT; (B) AGREE THAT IN THE EVENT OF ANY SUCH LITIGATION, PROCEEDING OR ACTION, SUCH PARTIES WILL CONSENT AND SUBMIT TO PERSONAL JURISDICTION IN ANY SUCH COURT DESCRIBED IN CLAUSE (A) OF THIS SECTION AND TO SERVICE OF PROCESS UPON THEM IN ACCORDANCE WITH THE RULES AND STATUTES GOVERNING SERVICE OF PROCESS (IT BEING UNDERSTOOD THAT NOTHING IN THIS SECTION SHALL BE DEEMED TO PREVENT ANY PARTY FROM SEEKING TO REMOVE ANY ACTION TO A FEDERAL COURT IN NEW YORK, NEW YORK); (C) AGREE TO WAIVE TO THE FULL EXTENT PERMITTED BY LAW ANY OBJECTION THAT THEY MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH LITIGATION, PROCEEDING OR ACTION IN ANY SUCH COURT OR THAT ANY SUCH LITIGATION, PROCEEDING OR ACTION WAS BROUGHT IN AN INCONVENIENT FORUM; (D) DESIGNATE, APPOINT AND DIRECT CT CORPORATION SYSTEM AS ITS AUTHORIZED AGENT TO RECEIVE ON ITS BEHALF SERVICE OF ANY AND ALL PROCESS AND DOCUMENTS IN ANY LEGAL PROCEEDING IN THE STATE OF NEW YORK; (E) AGREE TO NOTIFY THE OTHER PARTIES TO THIS AGREEMENT IMMEDIATELY IF SUCH AGENT SHALL REFUSE TO ACT, OR BE PREVENTED FROM ACTING, AS AGENT AND, IN SUCH EVENT, PROMPTLY TO DESIGNATE ANOTHER AGENT IN THE CITY OF NEW YORK, SATISFACTORY TO SELLERS AND PURCHASER, TO SERVE IN PLACE OF SUCH AGENT AND DELIVER TO THE OTHER PARTY WRITTEN EVIDENCE OF SUCH SUBSTITUTE AGENT'S ACCEPTANCE OF SUCH DESIGNATION; (F) AGREE AS AN ALTERNATIVE METHOD OF SERVICE TO SERVICE OF PROCESS IN ANY LEGAL PROCEEDING BY MAILING OF COPIES THEREOF TO SUCH PARTY AT ITS ADDRESS SET FORTH IN SECTION 11.4 FOR COMMUNICATIONS TO SUCH PARTY: (G) AGREE THAT ANY SERVICE MADE AS PROVIDED HEREIN SHALL BE EFFECTIVE AND BINDING SERVICE IN EVERY RESPECT; AND (H) AGREE THAT NOTHING HEREIN SHALL AFFECT THE RIGHTS OF ANY PARTY TO EFFECT SERVICE OF PROCESS IN ANY OTHER MANNER PERMITTED BY LAW. EACH PARTY HERETO WAIVES THE RIGHT TO A TRIAL BY JURY IN ANY DISPUTE IN CONNECTION WITH OR RELATING TO THIS AGREEMENT, ANY RELATED AGREEMENT OR ANY MATTERS DESCRIBED OR CONTEMPLATED HEREIN OR THEREIN, AND AGREE TO TAKE ANY AND ALL ACTION NECESSARY OR APPROPRIATE TO EFFECT SUCH WAIVER.

- 11.18 Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity of enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other situation or in any other jurisdiction. If the final judgement of a court of competent jurisdiction declares that any term or provision hereof is invalid or unenforceable, the Parties agree that the court making the determination of invalidity or unenforceability shall have the power to reduce the scope, duration, or area of the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified after the expiration of the time within which the judgment may be appealed.
- 11.19 <u>Construction</u>. The language used in this Agreement will be deemed to be the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party. Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered as of the date first above written.

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	me: Jonathan F. Boucher le: Vice President
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SELLERS:	
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Ву:	Dentyl
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EQUITY-L	LINKED INVESTORS-II
Ву:	
Nan	ne:
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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered as of the date first above written.

NEWFLO GORPORATION
Name: Jonathan F. Roycher Title: Vice President
PRECISION CASTPARTS CORP.
Name: William D. LARSSON Title: Vice PRESIDENT and Chief Financial Office
SELLERS:
MCIT PLC
By: Name: David W. Zalaznick Title: President
EQUITY-LINKED INVESTORS, L.P.
By:
EQUITY-LINKED INVESTORS-II
Ву:
Name:
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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered as of the date first above written.

NEWFLO CORPORATION

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Title: ATTORNEY-IN-FAC	71

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WILITE RIVER CORPORATION
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Name: Robert T. Marto Title: President & CED
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WHITE RIVER CORPORATION

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	Title: General Partner
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Nam	e: Estate of Robert Davis
Nan	ne: J. Jack Watson
Nat	ne: Richard D. Morton
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Name:	David W. Zalaznick	
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	Paul Rodzevick	
	John Camp James E. Jordan	
Name:	Stephen B. McDonald	
	Adam E. Max ADIA INVESTORS, INC.	
Ву:	Name:Title:	

Name:	David W. Zalaznick
Name:	Jonathan F. Boucher
Name:	John R. Lowden
Name:	Paul Rodzevick
Name:	John Camp
Name:	James E. Jordan
Name:	Stephen B. McDonald
Name:	Adam E. Max
LEUCA	ADIA INVESTORS, INC.
Ву:	
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Name:	David W. Zalaznick	
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Name:	John R. Lowden
Name:	Paul Rodzevick
Name:	John Camp
Name:	James E. Jordan
Name:	Stephen B. McDonald
Name:	Adam E. Max
LEUCA	ADIA INVESTORS, INC.
by:	Name: RUTH RAINATWORTH Title: Vier Resident

Title: Deputy General Manager

DISCLOSURE SCHEDULE

Any information disclosed in one schedule, exhibit or annex hereto shall be deemed to be disclosed in this Agreement.

All information disclosed to Purchaser in the Company's dataroom listed on the attached index shall be deemed disclosed in this Agreement and are incorporated herein.

Data Room index attached hereto.

A.

PROJECT FLOW

Due Dilloence Documentation Request

May 3, 1996

BUSINESS/FINANCIAL

Business Operations

- List of the Company's and each subsidiary's ten largest suppliers (by dollar volume) of products and services during the lest 12 months.
- Name and address of any single-source suppliers (other than public utilities) with respect 3. to which attemative sources are not realistically available on comparable terms.
- List of the Company's and each subsidiary's ten largest purchasers (by dollar volume) C. curing last 12 months.
- Copies of all Bursau of Census "Annual Survey of Manufacturers" which the Company has D. filed during the past five years.
- Reports which the Company has filed within the last two years with any Federal or state Ξ agency reflecting production capacity, actual production, inventories or snipments.

Financial / Business Information

Financial Statements:

- Five-year historical financial statements by business unit and consolidated Company (Income statement, cash flow and balance sheet).
- Five-year historical and year-to-date (YTD) budget vs. actual variance analysis for 2. operating performance of each business unit. Explain major variances.
- Latest 1996 balance sheet, YTD actual vs. budget income statement and YTD cash flow statement.
- 4. Income Statement .
 - 199 projections for all line items below EBIT, including but not limited to:
 - Amonization
 - Goodwill Schedule
 - Non-compete Schedule
 - Loan Fee Schedule
 - Other
 - (b) Imerest expense schedule
 - (c) Taxes
 - (d) Minority Interest
- Cash Flow Statement 5.
 - (a) Detailed 1996 projected cash flow statement
 - Projected 1996 working capital (by business unit if possible) (b)
 - Obligations to make future eam-out payments
- Capital Expenditures
 - Description of capital expenditure budget for 1996 by major product
 - Five-year historical capital expenditures, budget vs. actual by project (b)

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		Due Dilloence Documentation Request (Cont.)	3	2	220
		May 3, 1995	pu-	L	7
A. II	(4)	BUSINESS/FINANCIAL (Cont.)	Op. Compress	Co-Pora	oulsich
	7.	Five-year historical sales (unit and price), cost of sales, and SG&A by product line (actual and forecast).	V	T	1
	8.	Summary trial balance.	Ť	1	1
	9.	Detail trial balance / departmental expenses.	-	V	T .
	10.	Schedule listing all accounts payable in excess of \$5,000 by the Company, any subsidiary or joint venture; include material terms such as due dates, interest rates, payments schedules and amounts.	V		
	11.	All other material agreements with creditors.	V	/	
	12.	Any presentations given to creditors within the last three years in connection with cottaining, credit or prepared for potential lenders in connection with proposed financing.	-	/	
	13.	Offering circulars, private placement agreements, prospectus and other documents relating to the sale of capital stock or debt by the Company, any subsidiary or joint variture.		V	
	14.	Copies of current credit reports of the Company and each subsidiary, both comestic and foreign.		1	
	15.	Description of outstanding intercompany indebtedness.		V	
	16.	Copies of policies relating to travel and entertainment, vacation, sick pay, emergency leave and overtime payment policies.	V	V	
	17.	Loan agreements between any employee and the Company, any subsidiary or joint venture and guarantees for loans to employees guaranteed by the Company, any subsidiary or joint venture.		/	
В.		y management reports (last 12 months). (Quarterly President's management reports for 1996)	1		
C.	Auditor r≡ports	rs review letters, annual Company and business unit management letters and on accounting systems (at least three years).		1	
D.		ear Strategic Plans (last three years) by Company and subsidiary.	1	/	
Ε.	Industr	y information (raports, analyses, consultant studies, etc.).	1	1	ij
	1.	Size of markets	1	- 1	
	2.	Growth rates of markets	VI		-1
	3.	Factors impacting industry	11	- 1	-
	4.	Market share by product line	1	1	
	5.	Market and technological trends	VI	i	
	6.	New products	1	i	i
•	7.	Major competitors by product line	V		

-9-

Due Diligence Documentation Request (Cont.)

May 3, 1996

ACCOUNTING

1. Tex Raturns

- Copies of all tax returns filed by Company for past three fiscal years.
- Description of any pending or threatened tax discutes affecting the Company. Ξ.

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B.

Á. Review of work papers.

Due Diligence Documentation Request (Cont.)

		May 3, 1996	50		
(LEGAL	Op. Company	rote	Outsid.
_	Corpo	rate Organization .	p. Ce	Carporat	Et .
	A.	List of and corporate organization chart setting forth all corporations, joint ventures, partnerships or other business antities in which the Company directly or indirectly has or will have the right to acquire an equity interest.	0		MEP
	В;	All joint venture and partnership agreements, including related management or shareholder agreements, cartificates of incorporation (or comparable documents), bylaws (or comparable documents), government registrations, permits, fillings and tax returns for the last five years; include any additional agreements with the parties to such joint ventures and partnerships.			MBP.
F	Owner	ship of Company			
	A.	All registration statements, period fillings, proxy statements and other fillings filed with the Securities and Exchange Commission during the past three years.		✓	
	Persor	aal Property			
	A.	Description of material items of machinery and equipment, including condition thereof and indication of whether leased or owned. (Book Value \$5000 or more)	√		
V	Real P	raperty.		-	
	A.	List and description of all owned and leased real property, together with copies of relevant deeds and leases.	√		
	Enviro	nmantal. Health & Safaty Matters			
	A.	Identify any current known or suspected non-compliance with any applicable or potentially applicable environmental law, regulation or parmit.	√	1	
	В.	Provide copies of any citations issued to the Company by any tederal, state, local or foreign governmental agency during the past five years arising from environmental conditions or practices involving the Company.	V		
	C.	Provide capies of all lawsuits, claims, actions or other notices filed or received during the past five years involving allegations of harm to person (including employees), property or the environment arising from environmental conditions or practices involving the Company, including any such matters that are pending regardless of when they were tiled or received.	V	V	
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		Due Dilloence Documentation Request (Cont.)				
-	S i I	May 3, 1996	on the	+	ş	
CV	-	C. LEGAL (Comt.)	Op. Company		70ra.	11.10
	D.	Identify any known or suspected leaks or spills that have occurred at any time on property owned, leased or operated by the Company, or that have occurred near the property and that might impact the property.	9.6	T	- Cerporare	0.47
	Ξ.	List of any involvement with superfund sites.	1	\perp	\bot	_
	F.	to environmental mesters to which the Company is subject.		1	+	_
	G.	Provide a list of all open or unresolved Safety and IH violations (alleged or otherwise), findings, and recommendations.		\vdash	+	~
	H.	List and describe the scope of each health, satety, or TSCA inspection, including written requests for intomation, conducted by any federal, state, local, or foreign government agency during the last five years.	V		+	
	I.	Provide copies of each facility's OSHA Form 200 during the last five years, and copies of all union grievances relating to health and safety matters during the last five years.		<u></u>	+	-
I.	Non-	Environmental Litization and Cizims			+	-
	A.	List of all pending, threatened and potential litigation, arbitrations, governmental investigations, disputes with governmental agencies, administrative actions and other claims or legal controversies involving the Company or any of its subsidiaries or any of their respective directors or officers, including amounts involved or maximum total liability.	V	/		
	3.	Copies of pleadings for each pending litigation and arbitration for which the defense has	1			1
	C.	Copies of all judgments, arbitration awards, injunctions, consent orders and other decrees to which the Company is subject.		_		I
t	D.	Description of insurance coverage, if any, regarding such claims.	V			
	Ξ.	Provide a ten year loss history showing the total number of claims, number of open ciaims, number of closed claims, total paid, total outstanding (reserved) and the total incurred (paid + reserved) for all insurance lines.	1	V		
		Frovide a list of all cizims in excess of \$500,000 during the last fifteen years by insurance line, including the claim number, date of loss, claim description, payments, outstanding reserves, and insurance carrier.	+	VI	MH	
G		Frovide workers' compensation loss runs (open and closed claims) for 1985 - present,		1	MAI	

			Dus Dilicence Documentation Request (Cont.)	and	_3	
-			May 3, 1996	J. X.	010	3
江山			C. LEGAL (Cont.)	Op. Conpany	Corporate	oulsicle
علاب	H.	List a	and describe any warranty claims (including lawsuits) concerning the Company's acts within the last five years.	1	V	ММ
VIL	Agr	<u>=mants</u>				
	A.	Copis	es of the following Agreements:	120		
		1.	Distributor, dealer, sales representative and other marketing agreements.	V		
**		2	Standard forms of purchase orders and terms of sale, together with material bianket and individual purchase orders, purchase contracts, supply agreements and sales agreements.	/		
	ē	3.	Manufacturing agreements by which products are either manufactured by the Company for other manufacturers or are manufactured for the Company by others.	1		
		4.	Collective bargaining agreements.		1	
		5.	Employment contracts and non-compatition agreements.	1	V	
D.III	Emp!o	0V=29				
	A.	List of position	all employees earning total compensation of over \$50,000 per year, showing n, current salary and most recent bonuses. (1995.)	V	/	
	3.	List of	all claims pending or threatened to be brought by or on behalf of employees.		1	
	C.		of organization chans.	1	V	
	D.	Capies	of employee handbooks.	V	/	
	Ξ.	Employ	rea benefit plans:	V	V	
		1,	Copies of all pension, profit-sharing, stack option, stack bonus, group insurance, severance, vacation, holiday, key executive and other plans, agreements and commitments for the benefit of employees, former employees and retirees, together with related trust agreements and employee booklets.	J	V	
		2.	Description of all benefits available to retirees of the Company, including retires medical, dental and life insurance.	V	/	
			Copies of IRS determination letters and list of any reportable ERISA events.	V	/	
IX.	Investr	nents ar	nd Joint Ventures		4	
	A.	List of	all securities of other business entities owned by the Company or which the		✓	МВР.
	В.	Copies	of all joint venture, teaming, co-production and similar agreements.	1	/	MBP

Due Diligence Documentation Request

May 3, 1996

D.

I

ADDITIONAL LEGAL DUE DILIGENCE (Frior to LOI is preferable)

Comprate Organization

- A Certificate of Incorporation (or comparable document) of the Company and each subsidiary and amendments to date.
- Eylaws (or comparable document) of the Company and subsidiary and amendments to date.
- C. Minutes of meetings and consents in lieu of meetings of the Board of Directors, Board Committees and shareholders, including corporate organizational meetings of the Company and each subsidiary (Izat five years).
- D. List of all jurisciptions in which the Company and each subsidiary is qualified to do business, date of qualification and name and address of statutory agent.
- List of all jurisdictions in which facilities or offices of the Company and each subsidiary are located but where not qualified to do business; describe business activities in each such jurisdiction.
- F. List of directors and officers of the Company and each subsidiary.

Ovmership of Company

- A. Description of each class of authorized common and preferred stock, showing amount authorized, amount outstanding and number of holders for the Company and each subsidiary.
- Copies of all stock books, stock records, transfer books and other records of issuance or transfer of stock of the Company and each subsidiary.
- C. Description and expises of forms of all warrants, options and other securities exchangeable for or convertible or exercisable into the common or preferred stock, and any other contingent obligations to issue additional shares of stock.
- D. List of all holders of common and any preferred stock and securities exchangeable for or convertible or exercisable into the common and preferred stock, showing number of shares held and number of shares eligible to be obtained.
- E. List of any liens or other restrictions affecting the Company's stock.
- Copy of any voting or other shareholder agreement.

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Due Diligence Documentation Request

May 3, 1996

D.

ADDITIONAL LEGAL DUE DILIGENCE (Cont.)

D. II Personal Property

- A List of any liens or other encumprances and any restrictions on transferability of any furniture, fixtures, machinery, equipment or other assets; include copies of security agreements and UCC fillings.
- Leases of Personal Property (Including computer hardware, motor vehicles, office, production and telecommunications equipment).

IV Real Property

- A. List and copies of any mortgages, llens, ensumbrances, and other exceptions to good. marketable and insurable title of owned real estate.
- B. With respect to the properties to be listed under Item IV.A. (Fizzze I), description of any non-compormance with zoning or other regulations.
- C. Description and copies of existing surveys and title insurance, if any, on owned real estate.
- List of defaults. If any, under leases.

Agreements

- A. Copies of the following Agreements:
 - Fatent, trademark, know-how, computer software and other intellectual property license agreements, whether Company is licensor or licensee.
 - Confidentiality and proprietary information agreements.
 - Telecommunications agreements.
 - Data processing agreements.
 - Standard forms of warranties and any agreements containing variations from the standard form.
 - 6. Guarantees of payment or performance made by or for Company.
 - Agreements with any entity listed in response to Item LG.
 - All credit agreements, lines of credit, industrial revenue bonds, notes payable, indentures and other borrowings.
 - Security agreements and UCC filings and other Instruments encumbering any Company property not listed in Section IV above.
 - Agreements relating to acquisition or disposition of assets other than in the ordinary course of business.

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Due Diligence Documentation Request

May 3, 1996

D.V

ADDITIONAL LEGAL DUE DILIGENCE (Cont.)

- Powers of attorney granted by the Company (including special purpose powers, such as those given to customs brokers).
- 12. Consulting agreements.
- Non-disclosure and invention assignment agreements with employees (if standard form, provide one copy and list of employees and former employees subject therato).
- Agreements (other than employment contracts and non-competition agreements) between the Company and its officers, directors, employees, stockholders or debtholders or with family members of such persons or with companies which any which such persons and family members have an interest (other than public companies in receive no compensation therefrom other than dividends).
- Other material agreements.
- List of defaults under above agreements.
- C. List of any restrictions on transferability or assignability of above agreements.

Compliance With Law

- A. List of allegations of non-compliance with material laws, rules and regulations.
- List of all licenses and permits requested whether or not obtained by Company.

VIII. Intellectual Procesty

- A. List and description of all patents, trademarks, copyrights, technology and know-how owned or licensed, including expiration data and applicable jurisdictions.
- List of any claims of infringement made by or against Company within the last three years.

VIII Insurance

- A. Provide copies of all current insurance policies.
- Description of any gaps in insurance coverage.

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Due Diligence Documentation Request

E. Additional Items provided in Data Room and/or by NEWFLO personnel

- Product information on each operating company (1 binder)
- NEWFLO Video
- NEWFLO Brochures
- Acquisition closing documents for each operating company acquired by NEWFLO. (12/87 - 1/31/96).
- Acquisition closing documents for the acquisition of Johnston Pump / General Valve by Joseph Blood, March 2, 1984.
- 6. Monthly internal financials for each operating company. (December 1987 current).
- 7. Barber Industries due diligence. (2 volumes).
- 8. Disposition of Flo-Bend, Inc. closing documents August 1994.
- 9. Competitive analysis served market, competitors, etc.
- 10. Analysis of acquisitions and multipliers (RDM).
- 11. Enduser market by operating company.
- 12. International sales breakdown by operating company.
- 13. Comparative results summary historical and proforma 1987 1998 Plan.
- Goldman, Sachs & Company Offering Memorandum.
- Goldman, Sachs & Company Presentation Summary from May 1996.
- 16. Various environmental documents from 4/1/95 to current, detail listing attached.

E. 16 con't

- All Form 10-K's as filed with the Securities and Exchange Commission;
- All Form 10-Q's as filed with the Securities and Exchange Commission;
- ENSR Environmental Due Diligence Examination of NEWFLO Corporation and Subsidiary Companies, dated May, 1995 (Volumes 1 and 2);
- Environmental Methods Annual Facility Audit & Subcontractor Audit for Flow Technologies, Inc., report dated May 27, 1996;
- Environmental Methods Annual Facility Audit for Johnston Pump Service Center, 3618 West 1820 South, Salt Lake City, Utah, report dated April 25, 1996;
- Environmental Methods Report of Remediation Activity Voluntary Clean Up for Newman's, 6941 Avenue S. Houston, Texas, report dated March 5, 1996;
- Earth Tech Annual Facility Environmental Audit for Johnston Pump Company, 2601 East 34th Street, Chattanooga, Tennessee, report dated October, 1995;
- Earth Tech Annual Facility Environmental Audit for Johnston Pump Company, 2305 56th Street, Hampton, Virginia, report dated October, 1995;
- Earth Tech Audit of Subcontract and Waste Management Facilities for PACO Pumps, Portland Oregon location, report dated October 5, 1995;
- 10. Earth Tech Report of Construction Activity Pump Wash Station for PACO Pumps, Portland Oregon location, report dated September, 1995;
- 11. Earth Tech Supplemental Report Soil Sampling Activity at PACO Pumps, Portland Oregon location, report dated August 9, 1995;
- 12. Earth Tech Summary Report Excavation of PCB Contaminated Soil at PACO Pumps, Portland Oregon location, report dated May 15, 1995;

E-16 con't

- 13. Earth Tech Response to Draft Report by ENSR, Key Issues and Associated Liability Cost Estimates, report dated May 5, 1995;
- 14. Earth Technology Report of Phase 1, Environmental Site Assessment with Limited Sampling for Proposed Johnston Pump Lease Facility located at 530 Aberdeen Road, Hampton, Virginia, report dated August 17, 1993;
- 15. Earth Tech Quarterly Groundwater Sampling Reports for Johnston Pump/General Valve, 300 West Channel Road, Benicia, CA location, reports dated June, 1995 & July, 1995;
- 16. Earth Tech Bi-Annual Groundwater Sampling Report for December, 1995 for Johnston Pump/General Valve, 300 West Channel Road, Benicia, CA location, report dated January, 1996;
- 17. Earth Tech Quarterly Self-Monitoring Report Groundwater Treatment System, for facility located at 300 West Channel Road, Benicia, CA, reports dated July 13, 1995 and October 25, 1995;
- 18. Earth Tech Annual Audit Report for Johnston Pump Company, facility located at 1944 South Broad Street, Mobile, Alabama, report dated April 24, 1995;
- 19. Jonas and Associates Work Plan Installation of Monitoring Well 8MW3 and Destruction of 8MW2 for PACO Pumps, location at 845 92nd Avenue, Oakland, CA, report dated June 5, 1995;
- 20. Jonas and Associates Groundwater Monitoring Reports for PACO Pumps, location at 845 92nd Avenue, Oakland, CA, reports dated October 30, 1995 and February 16, 1996;
- 21. Jonas and Associates Oxygen Enhanced Bioremediation Work Plan for PACO Pumps, location at 9201 San Leandro St. Oakland, CA, report dated May 2, 1995;
- 22. Jonas and Associates Groundwater Monitoring Report for PACO Pumps, location at 9201 San Leandro St., Oakland, CA, reports dated October 15, 1995, February 23, 1996, and May 20, 1996.

E-16 cont.

- 23. ENSR Report da 'September 9, 1991 on the acquisition of Johnston Pump/General Valve titled Johnston Pump/General Valve Environmental Due Diligence;
- 24. ENSR Report dated November, 1995 on the acquisition of Barber Industries, Ltd. titled NEWFLO Corporation, Environmental Due Diligence Examination of Barber Industries, Ltd.
- 25. ENSR Report dated September, 1993 on the acquisition of H&H Valve Company titled NEWFOL Corporation Environmental Due Diligence Examination of H&H Valve Company;
- 26. Due Diligence Library Section C Legal, Volume titled V. Environmental, Health & Safety Matters;
- 27. MSDS's on materials used for sandblast purposes;
- 28. United States Environmental Protection Agency (EPA) letter to Johnston Pump/General Valve, Inc. dated January 24, 1995 on the subject of "Responsibility for Clean Up of Groundwater Contamination at the Baldwin Park Operable Unit, San Gabriel Valley Area Two Superfund Site";
- 29. All correspondence and memos to, from and between, ENSR, Jonas and Associates, Earth Tech, Environmental Methods, A. J. Kennard, Mark Jonas, governmental agencies, Weatherford Enterra, Officers and employees of NEWFLO Corporation and all its Subsidiaries, regarding any matters involving environmental matters, between the dates of April 1, 1995 through June 4, 1996, as made available for review by David Murray, Manager of Environmental Affairs for Precision Castparts Corp.

Sellers	Shares of Common Stock Owned(1)	Ownership Percentage
MCIT PLC	50,781.8236	19.14355%
Equity-Linked Investors, L.P.	28,721.5640	10.82735%
Equity-Linked Investors-II	28,721.5640	10.82735%
Water River Corporation	26,258.3560	9.89878%
The KB Mezzanine Fund, L.P.	27,853.1980	10.50000%
Allsop Venture Partners	8,621.2280	3.25000%
Edmund Damon	189.4775	0.07143%
Estate of Robert Davis	473.6938	0.17857%
J. Jack Watson	25,600.4255	9.65076%
Richard D. Morton	6,400.1064	2.41269%
John W. Jordan, II Revocable Trust	9611.4369	3.62329%
David W. Zalaznick	9611.4369	3.62329%
Jonathan F. Boucher	7105.3627	2.67856%
John R. Lowden	4318.2656	1.62788%
Paul Rodzevick	289.1179	0.10899%
John Camp	289.1179	0.10899%
James E. Jordan	289.1179	0.10899%
Leucadia Investors, Inc.	10,755.1875	4.05445%
Adam E. Max	1,156.4718	0.43596%
Stephen B. McDonald	1387.7661	0.52316%
Heller Financial, Inc.	12,157.39506	4.58305%
Arab Banking Corporation	2,806.20016	1.05787%
Giro Credit Bank	1870.23898	0.70504%
Total	265,268.5522	100.00000%

⁽¹⁾ Assumes (a) conversion of all outstanding shares of Class B Preferred Stock into shares of Class A Common Stock, and (b) exercise of all Lender Warrants for shares of Class B Common Stock; Excludes shares of Class A Preferred Stock to be redeemed pursuant to Section 2.3(c).

Employment, Non-Competition and Severance Agreements

- 1. Employment and Non-Competition Agreement, dated January 1, 1991, as amended January 1, 1992, January 1, 1993 and December 7, 1994, between NEWFLO and J. Jack Watson.
- Employment and Non-Competition Agreement, dated January 1, 1991, as amended January 1, 1992, January 1, 1993 and December 7, 1994, between NEWFLO and Richard D. Morton.
- 3. Employment and Non-Interference Agreement, dated January 1, 1992, as amended January 2, 1995, between JPG, Inc. (Flow Technologies, Inc.) and Robert K. Elders.
- Employment and Non-Interference Agreement, dated as of November 11, 1991, as amended January 2, 1995, between JPG, Inc. (Flow Technologies, Inc.) and Brian W. Warren.
- Employment and Non-Interference Agreement, dated as of January 1, 1993 between Penberthy and Normand M. Simard.
- Employment and Non-Competition Agreement, dated as of December 4, 1992, between Techno and G. Gary Pollock.
- Consulting and Non-Competition Agreement, dated as of December 4, 1992, between Techno and W.A. Pysh.
- Employment and Non-Competition Agreement, dated as of September 30, 1993, between H&H Valve and William Ross.
- 9. Employment and Non-Competition Agreement, dated as of September 30, 1993, between H&H Valve and J.M. Heinen.
- 10. Employment and Non-Interference Agreement, dated as of May 2, 1994, as amended December 7, 1994 and April 12, 1995, between NEWFLO Corporation and Kathleen Mathews.
- 11. Employment and Non-Interference Agreement, dated as of May 2, 1994, as amended December 7, 1994, between NEWFLO Corporation and John D. Lilla.
- 12. Employment and Non-Interference Agreement between Flow Technologies, Inc. and Johnie Rogers, dated January 1, 1995.
- 13. Employment and Non-Interference Agreement between Flow Technologies, Inc. and Leonard Graziano, dated as of February 3, 1992.

- 14. Employment and Non-Interference Agreement, dated as of January 31, 1996, between Newman's International, Inc. and John Secrest.
- 15. Employment and Non-Interference Agreement, dated as of January 11, 1996, between Newman's International, Inc. and John Rujak.
- 16. Consulting Agreement, dated as of January 29, 1996, between Newman's International, Inc. and Reg Worsley.
- 17. Employment and Non-Interference Agreement, dated as of January 11, 1996, between Newman's International, Inc. and C.W. Johnson.
- 18. Employment and Non-Interference Agreement, dated as of January 11, 1996, between Newman's International, Inc. and Leonard J. Galenza.
- 19. Employment and Non-Competition Agreement, dated November 17, 1989, between Water Specialties and Richard Huth.
- 20. Employment and Non-Competition Agreement, dated November 17, 1989, between Water Specialties and Steven Huth.
- 21. Employment and Non-Competition Agreement, dated November 17, 1989, between Water Specialties and Eric Huth.
- 22. Employment and Non-Interference Agreement, dated January 1, 1992, as amended January 2, 1995, between JPG, Inc. (Flow Technologies, Inc.) and Lisa Demers.
- 23. Termination Compensation Agreement between Harvey Fuson and Newman's Inc., dated October, 1991.
- 24. Non-Competition Agreements, between JPG, Inc. and F.E. Brown, Jr., dated October 16, 1991.
- Non-Competition Agreements, between JPG, Inc. and H.M. Vanderwiel, dated September 11, 1991.
- Non-Competition Agreements, between JPG, Inc. and W.J. Blood, dated October 16, 1991.
- 27. Severance Agreement, dated July 31, 1995, between NEWFLO Corp. and Rebecca Sheehan.
- 28. Severance Agreement dated July 31, 1995, between NEWFLO Corp. and Diane Russell (now Barney).
- 29. Employment and Non-Interference Agreement, dated October 21, 1991 between JPG, Inc. and Deane Patterson.

SAR Agreements

- Stock Appreciation Rights Agreements, dated as of January 1, 1992, among NEWFLO, JPG, Inc. of Delaware and Leonard Graziano.
- Stock Appreciation Rights Agreements, dated as of January 1, 1994, amended as of December 6, 1995, between NEWFLO Corporation and John D. Lilla.
- Stock Appreciation Rights Agreements, dated as of January 1, 1994, amended as of December 6, 1995, between NEWFLO Corporation and Kathleen Mathews.
- 4. Stock Appreciation Rights Agreements, dated as of January 1, 1995, among NEWFLO Corporation, Flow Technologies, Inc. and Brian Warren.
- 5. Stock Appreciation Rights Agreements, dated as of January 1, 1995, among NEWFLO Corporation, Flow Technologies, Inc. and Robert K. Elders.
- Stock Appreciation Rights Agreements, dated as of January 1, 1995, among NEWFLO Corporation, Newman's Inc. and Raymond R. Baker.
- 7. Stock Appreciation Rights Agreements, dated as of January 1, 1995, among NEWFLO Corporation, Techno Corporation and Raymond R. Baker.
- 8. Stock Appreciation Rights Agreement, dated February 1, 1996, among NEWFLO, Barber and Ray Baker.
- Stock Appreciation Rights Agreement, dated January 1, 1992, among NEWFLO, JPG, Inc. and Robert Elders.
- Stock Appreciation Rights Agreements, dated January 1, 1992, among NEWFLO, JPG, Inc. and Brian Warren.
- 11. Stock Appreciation Rights Agreements, dated as of January 1, 1995, among NEWFLO Corporation, Penberthy, Inc. and Normand Simard.

Other Debt as of 5/31/96:

Holder of Note	Original Face Value	Value at 5/31/96
I.J. Heinen	\$459,000.00	\$158,776.80
J.M. Heinen	297,000.00	115,472.00
William Ross	144,000.00	76,982.70
HHR Corporation	400,000.00	240,000.00

Continued Debt:

A.	Subordinate Notes at 5/31/96	\$100,000,000.00
в.	Letters of Credit at 5/31/96	\$ 9,213,594.18

Discharged Debt:

Term Loan - A at 5/31/96	\$ 5,932,500.00
Ferm Loan - B at 5/31/96	\$ 8,000,000.00
Revolving Loan at 5/31/96	\$18,169,459.15

Outstanding Letters of Credit at 5/31/96

LC NUMBER	AMOUNT	TYPE	EXPIRE	BENEFICIARY
FLOW TECHNOLOG	GIES			
PG-752402	\$350,000.00	Performance Bond	3/01/97	Hartford Fire Ins. Co.
Y-174656	44,736.40	Commercial L/C	1/31/97	Bank of China
Y-174701	22,020.33	Commercial L/C	9/30/96	State Bank of Bikaner & Jaipu
PG-754096	31,310.00	Performance Bond	12/31/96	DAE Han Oil Pipeline Corp.
PG-634109	76,594.10	Performance Bond	2/28/98	TRE/P.I./S.P.A.
PG-754501	50,122.00	Performance Bond	12/31/96	Nat'l Bank of Egypt

)	LC NUMBER	AMOUNT	TYPE	EXPIRE	BENEFICIARY
	PO-770658	25,430.00	Advance Payment	7/30/96	Nat'l Bank of Egypt
	PG-754921	12,714.78	Performance Bond	6/30/97	Nat'l Bank of Egypt
	PG-633605	6,500.00	Performance Bond	8/11/96	Recope - Costa Rica
	PG-634071	40,282.00	Performance Bond	10/15/96	Nat'l Bank of Egypt
	PG-633782	31,353.00	Performance Bond	4/30/99	Nat'l Bank of Egypt
	PG-633748	107,638.13	Advance Payment	11/15/96	Nat'l Bank of Egypt
	PG-634026	47,040.00	Performance Bond	12/31/97	York Automatic Snow
	PG-634027	18,400.00	Performance Bond	12/31/97	York Automatic Snow
	PG-634110	12,565.90	Performance Bond	12/01/97	Destec Engineering
	PG-753263	132,573.10	Performance Bond	1/15/98	Nat'l Bank of Egypt
)	PG-753497	99,940.80	Performance Bond	6/01/96	Kennecoft Utah Copper
	PG-754274	62,446.00	Performance Bond	9/30/96	MISR Int'l Bank
	PG-753023	37,785.00	Performance Bond	5/01/96	Banque Nationale de Paris
	PG-633975	4,187.59	Performance Bond	11/30/97	Bank One Texas
	PG-634048	3,544.00	Performance Bond	8/01/96	Nat'l Bank of Egypt
	PG-634157	33,500.00	Performance Bond	Evergreen	Statewide Insurance
	PG-634389	45,229.05	Advanced Payment	10/15/96	Nat'l Bank of Egypt
	PG-634435	57,180.00	Performance Bond	1/31/97	Bank Central Asia
	NEWMAN'S				
	PG-632657	5,000,000.00	Standby L/C Guarantee	Ev'green	Bank of Oklahoma

LC NUMBER	AMOUNT	TYPE	EXPIRE	BENEFICIARY
FB. Inc. PG-753954 1	,000,000.00	Standby Performance	8/22/96	Trinity Holdings
WAMED ODECTALM	TEC			
WATER SPECIALT CLC-901- 299001	55,502.00	Standby Performance	6/24/96	City of Norfolk, VA
NEWFLO				<i>K</i>
Heller 2990-1 Heller 2990-2	240,000.00	Standby Guarantee Standby Guarantee	10/30/99	HHR Corp. I.J. Heinen
Heller 2990-3	178,200.00		10/30/99	J.M. Heinen
Heller 2990-4	86,400.00	Standby Guarantee	10/30/99	Wm Ross
PG-633971	250,000.00	Standby Guarantee	Ev'green	Midwest Indemnity
PG-634184	200,000.00	Standby Guarantee	1/31/97	Amwest
PENBERTHY				
PG-633970	300,000.00	Lease Guarantee	11/24/97	Carey Corporate Property/CPA5
BARBER				6
PG-634138	275,000.00	Standby L/C Guarantee	Evergreen	Bank of Nova Scotia
TOTAL OUTSTANDING AT 5/31/96 \$9	,213,594.18			

Options, Warrants, Convertible Securities

1. Obligations contained in the Stockholders Agreement.

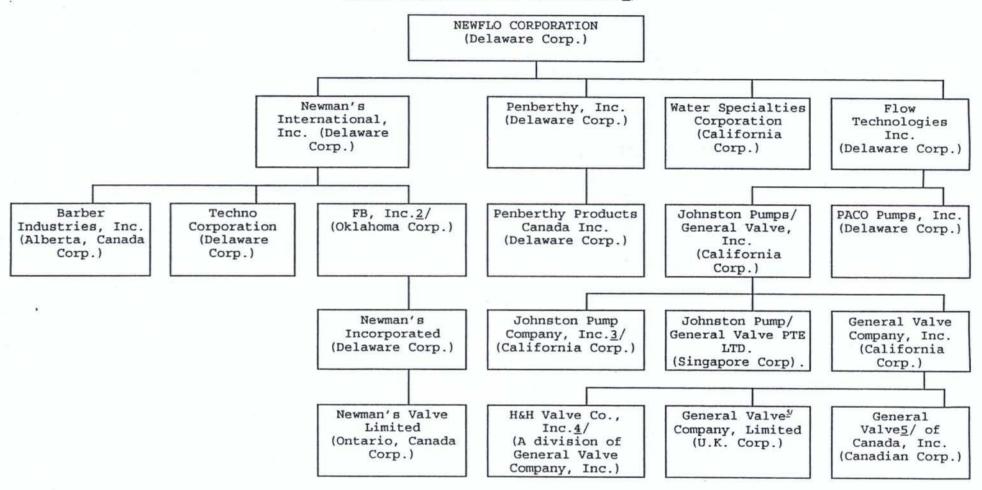
SCHEDULE 3.3

Consents and Approvals

None.

	Subsidiaries	Jurisdiction of Incorporation	Jurisdiction of Oualification
(a)	Newman's International Inc.	Delaware	
(b)	Techno Corporation(1)	Delaware	
(c)	FB, Inc.(1)	Oklahoma	
(d)	Newman's Incorporated(2)	Delaware	
(e)	Newman's Valve Limited(3)	Ontario, Canada	
(f)	Penberthy, Inc.	Delaware	
(g)	Penberthy Products Canada, Inc.	Delaware	
(h)	Water Specialties Corporation ⁽⁵⁾	California	
(i)	Flow Technologies Inc.	Delaware	
(j)	Johnston Pump/General Valve, Inc. (6)	California	
(k)	Paco Pumps, Inc. (6)	Delaware	
(1)	Johnston Pump Company, Inc. (7)	California	38
(m)	Johnston Pump/General Valve PTE Ltd. (7)	Singapore	
(n)	General Valve Company, Inc. (7)	California	
(0)	General Valve Company, Limited ⁽⁸⁾	United Kingdom	
(p)	General Valve of Canada, Inc. (8)	Canada	
(q)	Barber Industries, Inc.(1)	Alberta, Canada	
(1) (2) (3) (4) (5) (6) (7)	Wholly-owned subsidiary of Wholly-owned subsidiary of Wholly-owned subsidiary of Wholly-owned subsidiary of 80% owned by the Company; Huth, Richard Huth and Eri Wholly-owned subsidiary of Wholly-owned subsidiary of Inc. Wholly-owned subsidiary of	FB, Inc. Newman's, Incorport Penberthy, Inc. remaining 20% owned that the Huth. Flow Technologies Johnston Pump/Gen	orated. ed by Steven s, Inc. neral Valve,

NEWFLO CORPORATION AND SUBSIDIARIES1/



^{1/} ALL SUBSIDIARIES ARE OWNED 100%, EXCEPT WATER SPECIALTIES WHICH IS 80% OWNED.

^{2/} FORMERLY FLO-BEND, INC.

^{3/} FORMERLY ENERFLO, INC.

^{4/} FORMERLY A DIRECT SUBSIDIARY OF FLOW TECHNOLOGIES INC.; DISSOLVED MARCH 23, 1995.

^{5/} FORMERLY A DIRECT SUBSIDIARY OF JOHNSTON PUMP/GENERAL VALVE, INC.

Options, Warrants, Convertible Securities

- 1. SARs
- 2. Class B Preferred Stock is convertible into shares of Class A Common Stock
- Lender Warrants exercisable for 16,833.8342 shares of Class B Common Stock

Liabilities

None.

In 1992, the Company filed a Registration Statement on Form S-1 relating to its Common Stock which never was declared effective by the SEC. In connection therewith, the Company filed a Registration Statement on Form 8-A relating to its Common Stock which automatically became effective within 60 days of filing. The Company filed a Form 15 on April 7, 1994 to de-register its Common Stock previously registered on Form 8-A. During the period from the effectiveness of the Form 8-A and the filing of the Form 15, the Company did not file reports pursuant to the Exchange Act (other than 10-Ks, 10-Qs, 8-Ks) required of registrants having equity securities registered pursuant to the Exchange Act, i.e. proxy statements, because the Common Stock was not publicly held.

SCHEDULE 4.4

NEWFLO CORPORATION OWNED AND LEASED LOCATIONS

COMPANY	LOCATION	USE	SQUARE FEET	OWNED/ LEASED
NEWFLO	Austin, Texas	Corporate Headquarters	3,273	Leased
	Larkspur, CA	Administrative Office	2,700	Leased (1)
Flow Technologies	Brookshire, TX	Combined Administration/ Manufacturing for Johnston Pump, PACO Pumps and General Valve	252,000	Owned
Johnston Pump	Chattanooga, TN	Service Center	25,000	Leased
	Cullman, AL	Pattern Storage	10,000	Leased
	Houston, TX	Service Center	24,000	Leased
	Mobile, AL	Service Center	45,000	Leased
	Pomona, CA	Service Center	22,000	Leased
	Hampton, VA	Service Center	24,000	Leased
	Salt Lake City, UT	Service Center	20,000	Leased
	Brea, CA	Pattern Storage	2,000	Leased
	Singapore	Sales Office	600	Leased
PACO Pumps	Oakland, CA	Sales & Service Center/Warehouse	42,000	Leased
-	Portland, OR	Sales & Service Center/Warehouse	35,450	Owned
	Commerce, CA	Sales & Service Center/Warehouse	10,500	Leased
	Dallas, TX	Sales & Service Center/Warehouse	15,600	Leased
	Seattle, WA	Sales & Service Center/Warehouse	10,000	Leased
	San Diego, CA	Sales Office	350	Leased
	Sacramento, CA	Sales Office	225	Leased
	Cincinnati, OH	Sales Office	312	Leased
	Peabody, MA	Sales Office	366	Leased
	Tampa, FL	Sales Office	145	Leased
	Houston, TX	Exhibit Storage	800	Leased
General Valve (H&H Valve)	Signal Hill, CA	Administration/Manufacturing	15,000	Leased
General Valve	Singapore	Sales Office	2,000	Leased

NEWFLO CORPORATION OWNED AND LEASED LOCATIONS

COMPANY	LOCATION	USE	SQUARE FEET	OWNED/ LEASED
Penberthy	Prophetstown, IL	Administration/Manufacturing	152,113	Leased
	Prophetstown, IL	Parking Lot	1.8 acre	Owned
	Houston, TX	Sales Office	200	Leased
	Houston, TX	Sales Office	200	Leased
Water Specialties	Porterville, CA	Administration/Manufacturing	22,000	Leased
Newman's	Tulsa, OK	Administration/Warehouse & Valve Reconditioning Shop	136,500	Owned
	Tulsa, OK	Warehouse	34,200	Owned
	Tulsa, OK	Warehouse	27,000	Owned
	Tulsa, OK	Warehouse	30,000	Owned
	Tulsa, OK	Vacant Land		Owned
	Houston, TX	Administration/Warehouse	93,300	Owned
	Houston, TX	Modification Machine Shop	10,000	Leased
	East Brunswick, NJ	Sales Office/Warehouse & Modification Machine Shop	63,500	Owned
Newman's	Portland, OR	Sales Office/Warehouse	27,500	Owned
	Barrie, Ontario	Sales Office/Warehouse & Modification Machine Shop	34,000	Owned
	Sarnia, Ontario	Sales Office/Warehouse	10,000	Leased
	Edmonton, Alberta	Sales Office/Warehouse	25,000	Owned
	Edmonton, Alberta	Warehouse	5,000	Leased
Techno	Erie, PA	Administration/Manufacturing	23,700	Owned
Barber	Edmonton, Alberta	Administration/Manufacturing	50,000	Owned
	Calgary, Alberta	Sales/Administration	4,400	Leased
	Calgary, Alberta	R & D Test Shop	1,500	Leased
	Grande Prairie, Alberta	Sales & Service Center	5,000	Leased
	Brooks, Alberta	Sales & Service Center	3,000	Leased
	Slave Lake, Alberta	Sales & Service Center	4,000	Leased
	Ft. St. John, B.C.	Sales & Service Center	4,000	Leased
NOTES:	(1) Property sub lease	d to third party.		

SCHEDULE 4.5

Patents and Trademarks

A.	Penberthy		Regist. Date	
	Patents US Patent	#5,461,321	10/24/95	Apparatus for measuring capacitance
		#5,465,041	11/7/95	Bipolar tracking current source/sink
		#5,481,197	1/2/96	High pressure, leak resistant, explosion proof capacitance probe

Trademarks

Canada	"Penberthy"	#362,186/TMA 210,388
Canada	"Penberthy and Design"	#158,339/TMDA 56,126

B. Water Specialties

Trademarks

U.S. "Water Specialties" #1,380,191 1/28/86

C. General Valve Company

Trademarks

Country	Trademark	Application/ Reg. Number	Class	Date of Origin	Expiration Date	Notes
Argentina	TWIN SEAL	1,539,936	7	04/10/84	09/30/04	
Argentina	GENERAL	1,217,636	9	11/11/81	01/07/97	
Argentina	GV	1,263,147	9	01/04/88	01/04/98	
Argentina	GV DEVICE	1,539,935	7	04/10/84	09/30/04	
Argentina	GENERAL	1,178,848	7	11/11/81	10/15/95	Renewal Filed
Argentina	TWIN SEAL	1,178,850	9	11/11/81	10/15/95	Renewal Filed
Azerbaijan	TWIN SEAL	99,183	7	02/19/91	02/19/01	
Bahrain	GV DEVICE	4,662	7	12/30/88	12/30/03	Renewal Filed
Bahrain	GENERAL	4,563	7	12/30/88	12/30/93	Renewal Filed
Bahrain	TWIN SEAL	4,740	7	03/13/84	03/13/94	Applied for renewal Dec., 1993
Belarus	TWIN SEAL	2,632	7		12/24/03	
Benelux	GV DEVICE	353,436	7	02/10/78	02/10/98	
Benelux	TWIN SEAL	361,340	7	02/10/78	02/10/98	
Benelux	GENERAL	351,339	7	02/10/78	02/10/98	
Brazil	GV DEVICE	810,682,478	19	07/12/83	07/12/93	Renewal Filed
Brazil	GV DEVICE	810,682,486	9	07/12/83	07/12/93	Renewal Filed
Brazil	TWIN SEAL	6,827,772	19	12/26/78	12/25/98	
Bulgaria	TWIN SEAL	20,047	7	04/22/91	04/22/01	Application #14,458
Canada	TWIN SEAL	239,882	N/A	02/15/80	02/15/10	
Canada	GENERAL	147,887	N/A	11/04/81	11/04/96	Renewal Filed
China	TWIN SEAL	159,204	7	06/30/82	06/29/02	
China	GENERAL	159,205	9	06/30/82	06/29/92	Assignment/Renewal in process

Country	Trademark	Application/ Reg. Number	_Class_	Date of Origin	Expiration Date	Notes
China	DUO-SEAL	159,203	9	06/30/82	06/29/92	Assignment/Renewal in process
China	GV DEVICE	159,202	7	06/30/82	06/29/02	
Columbia	TWIN SEAL	123,004	7	12/12/88	12/12/03	
Estonia (former Czch)	TWIN SEAL	9,705	7	02/19/91	02/19/01	99,183 Revalidation
Georgia	TWIN SEAL	99,183	7		12/31/92	Revalidated from Czechoslovakia
Danmark	TWIN SEAL	17,991,992	7	03/20/92	03/20/02	
Egypt	GENERAL	54,096	7	02/26/78	02/25/98	
Egypt	GV DEVICE	54,097	7	02/26/78	02/25/98	
Egypt	TWIN SEAL	54,095	7	02/26/78	02/25/98	
France	TWIN SEAL	1,418,418	7	07/16/87	07/16/97	
Germany	TWIN SEAL	2,054,366	7	01/15/91	01/15/01	25993/7 revalidated due to independence from USSR
Greece	TWIN SEAL	103,246	7	03/15/91	03/15/01	
Hungary	TWIN SEAL	H132,471	7	01/23/91	01/23/01	
Iran	GENERAL	49,679	7	03/05/78	03/05/98	
Iran	TWIN SEAL	48,653	6	11/20/87	11/19/97	
Iran	GV DEVICE	49,680	7	03/06/78	03/05/98	
Ireland	TWIN SEAL	144,516	7	01/15/91	01/15/98	
Italy	TWIN SEAL	350,304	N/A	07/28/77	07/27/07	
Kuwait	GV DEVICE	9,476	7	08/29/78	08/27/98	
Kuwait	GENERAL	9,475	7	08/29/78	08/27/98	
Kuwait	TWIN SEAL	10,093	7	03/22/79	03/20/99	
Kazakhstan	TWIN SEAL	99,183	7		02/19/91	Revalidated 11/01/93
Kyrgyzstan	TWIN SEAL	99,183	7	02/19/91	02/19/01	Revalidated 05/01/94
Latvia	TWIN SEAL	99,183	7	04/23/93	04/23/03	Revalidated 12/31/92
Lithuania	TWIN SEAL	6,400	7	04/07/93	04/07/03	Revalidated 04/30/93
Macedonia	TWIN SEAL	36,598	7	01/08/91	01/08/01	Revalidated 06/30/93

Country	Trademark	Application/ Reg. Number	Class	Date of Origin	Expiration Date	Notes
Mexico	GENERAL	207,349	13	03/15/86	03/15/01	
Mexico	TWIN SEAL	282,160	13	12/17/86	12/17/91	Renewal Filed
Mexico	GV DEVICE	210,369	13	09/13/87	09/13/92	Renewal Filed
Moldova	TWIN SEAL	99,183	7	02/19/91	02/19/01	Revalidated 04/30/93
Norway	TWIN SEAL	159,638	7	10/21/93	10/21/03	
Poland	TWIN SEAL	72,725	7	04/05/91	04/05/01	
Portugal	TWIN SEAL	270,841L	7	02/08/93	02/08/03	
Puerto Rico	GV DEVICE	31,479	6	06/30/93	06/30/03	
Roumania	TWIN SEAL	17,238	7	05/02/91	05/02/01	
Slovak Republic	TWIN SEAL	169,748	7	01/17/91	01/17/01	
Slovenia	TWIN SEAL	36,598	7	01/08/91	01/08/01	Revalidation 03/01/94
Spain	GENERAL VALVE TWIN SEAL & GV DEVICE	1,920,576	7	09/12/94	09/12/04	
Spain	GENERAL VALVE TWIN SEAL & GV DEVICE	1,781,188	7	09/23/93	09/23/03	Tax Due 9/23/98
Syria	TWIN SEAL	14,131	7	02/21/78	02/20/03	Original Registration no. was 26,840
Syria	GENERAL	14,132	7	02/21/78	02/20/03	Original Registration no was 26,641
Syria	GV DEVICE	14,133	7	02/21/78	02/20/03	Original Registration no was 26,642
Tajikistan	TWIN SEAL	99,183	7	02/19/91	02/19/01	Revalidated 12/31/94
U.S.S.R.	TWIN SEAL	99,183	7	02/19/91	02/19/01	
Ukraine	TWIN SEAL	99,183	7	02/19/91	02/16/01	Revalidated 06/18/93
United Kingdom	GENERAL TWIN SEAL & GV DEVICE	B1,332,414	7	01/19/86	01/19/05	Renewal Filed
United States	GENERAL	622,666	13	01/24/67	01/24/07	

Country	Trademark	Application/ Reg. Number	Class	Date of Origin	Expiration Date	Notes
United States	GENERAL TWIN	1,165,223	7	08/18/81	08/18/01	
United States	GV DEVICE	795,042	13	08/30/85	08/30/05	
Uzbekistan	TWIN SEAL	99,183	7	02/19/91	02/19/01	Revalidation 12/31/93
Yugoslavia	TWIN SEAL	36,598	7	01/08/91	01/08/01	

D. Johnson Pump Company

<u>Trademarks</u>

Country	Trademark	Application/ Reg. Number	Class	Date of Origin	Expiration Date		Notes
Argentina	JP DEVICE	1,186,916	7	08/01/85	08/01/95	Renewal	Filed
Argentina	JOHNSON	1,453,022	7	06/30/80	06/30/03		
Australia	JP DEVICE	283,571	7	11/27/81	11/27/09		
Australia	LIQUI-SEAL	294,118	7	02/09/83	02/09/97		
Australia	DYNALINE	295,924	7	04/13/83	04/13/97		
Australia	J JOHNSTON & DEVICE	129,190	7	09/12/84	09/12/98		
Benelux	LIQUI-SEAL	336,735	7	03/06/86	03/08/96		
Benelux	DYNALINE	340,255	7	04/21/86	04/21/96		
Brazil	JP DEVICE	6,418,490	7	07/25/86	07/25/96	Renewal	Filed
Brazil	LIQUI-SEAL	7,071,066	7	02/25/90	02/25/00		
Brazil	DYNALINE	7,071,076	7	02/25/90	02/25/00		
Brunei	JP DEVICE	14,062	7	08/30/91	08/30/05		
Brunei	JOHNSTON PUMP	14,126	7	03/21/65	03/21/06		
Brunei	J JOHNSTON & DEVICE	17,076	7	08/30/84	08/30/05		
Canada	J & DEVICE	211,513	N/A	01/16/76	01/16/05		
Canada	LIQUI-SEAL	219,596	N/A	03/25/77	03/26/07		
Canada	DYNALINE	234,521	N/A	07/20/79	07/20/09		
Canada	JOHNSTON	175/44589	N/A	07/08/63	04/12/97		
Canada	J JOHNSTON & DEVICE	159,248	N/A	11/16/83	11/15/98		
Chile	DYNALINE	323,536	7	09/29/87	09/29/97		
Chile	JP DEVICE	320,244	7	06/16/87	06/16/97		

Country	Trademark	Application/ Reg. Number	Class	Date of Origin	Expiration Date	Notes
China (R.O.C.)	JP DEVICE	229,522	9	06/30/85	06/29/95	Renewal Filed
China (Taiwan)	JP DEVICE	272,506	92	02/01/65	01/31/05	
Colombia	JP DEVICE	87,707	7	08/31/86	08/31/91	Renewal Filed
Croatia	DYNA LINE	Z-1369/91	7	07/08/91	07/08/01	
Croatia	JP DEVICE	24,711	7	08/15/80	08/02/93	Renewal Filed
Croatia	J JOHNSTON & DEVICE	26,259	7	02/25/62	02/25/92	Renewal Filed
Croatia	LIQUI-SEAL	Z-1388/91	7	07/08/91	07/08/01	
Egypt	LIQUI-SEAL	51,728	7	05/03/86	05/03/96	
Egypt	J JOHNSTON & DEVICE	25,350	7	01/21/53	05/24/02	
Egypt	JP DEVICE	50,144	7	12/09/74	12/09/04	
Egypt	DYNA LINE	52,745	7	02/07/87	02/07/97	
Greece	J JOHNSTON & DEVICE	18,903	22	02/26/52	02/26/02	
Greece	JP DEVICE	53,925	7	12/12/74	12/12/04	
Greece	LIQUI-SEAL	56,670	7	04/29/76	04/29/96	
Greece	DYNA LINE	56,600	7	04/30/86	04/30/96	
India	J JOHNSTON & DEVICE	154,070	7	05/19/74	05/19/95	Renewal Filed
India	JP DEVICE	301,013	7	11/27/74	11/17/95	Renewal Filed
India	JP DEVICE	426,748	9	09/05/84	09/05/98	
Indonesia	LIQUI-SEAL	224,736	7	12/27/77	09/23/97	
Indonesia	DYNA LINE	234,626	7	06/06/88	06/06/98	
Iran	JP DEVICE	41,695	7	11/30/84	11/30/94	Renewal Filed
Iran	LIQUI-SEAL	45,442	7	02/26/86	02/25/96	Renewal Filed
Iran	DYNA LINE	45,822	7	04/20/76	03/21/96	Renewal Filed
Iraq	JP DEVICE	21,379	7	02/01/75	02/01/90	Renewal Filed
Iraq	LIQUI-SEAL	22,197	7	04/03/76	04/02/91	Renewal Requested

Country	Trademark	Application/ Reg. Number	Class	Date of Origin	Expiration Date	Notes
Iraq	DYNA LINE	22,256	7	05/08/76	05/07/91	No record of renewal in file
Iraq	JP DEVICE & ARABIC	11,606	7	06/14/76	06/14/93	No record of renewal in file
Japan	JP DEVICE	1,947,013	9	04/30/67	01/30/97	
Korea (South)	JP DEVICE	117,592	36	09/12/65	09/12/95	Renewal Requested
Lebanon	JP DEVICE	30,946	N/A	01/08/76	01/27/90	Renewal Pending
Lebanon	J JOHNSTON & DEVICE	35,986	N/A	07/08/63	07/08/93	Renewal Filed
Macedonia	LIQUID-SEAL	Z-1368/91	7	07/06/91	07/08/01	Revalidation 06/30/93
Macedonia	J JOHNSTON & DEVICE	26,259	7	02/25/82	06/30/93	Renewal/Revalidation 06/30/93
Macedonia	JP DEVICE	24,711	7	08/15/60	06/30/93	Renewal/Revalidation 06/30/93
Macedonia	DYNA LINE	Z-1989/91	7	07/06/91	07/06/01	Revalidation Filed 06/30/93
Malaysia	J JOHNSTON & DEVICE	84/B4193	7	09/10/64	09/10/05	
Malaysia	JOHNSTON PUMP	B01380/85	7	03/29/85	03/29/06	
Mexico	J JOHNSTON & DEVICE	29,911	23	06/14/87	08/14/92	Renewal Filed
Mexico	JP DEVICE	205,642	7	01/24/90	01/24/00	
Peru	JP DEVICE	35,293	7	11/11/90	11/11/05	Renewal Filed
Peru	JP DEVICE	53,976	7	07/30/69	07/30/04	
Philippines	J JOHNSTON & DEVICE	41,874	7 & 8	11/14/66	11/14/08	
Philippines	JP DEVICE	38,033	7	02/03/66	02/03/08	
Puerto Rico	JP DEVICE	31,478	7	02/08/93	02/08/03	
Saudi Arabia	DYNA LINE	231/69	7	08/02/77	02/20/00	
Saudi Arabia	JP DEVICE	67/96	7	05/12/65	01/20/95	Renewal Filed
Saudi Arabia	LIQUI-SEAL	67/95	7	11/07/86	07/17/96	

Country	Trademark	Application/ Reg. Number	Class	Date of Origin	Expiration Date	Notes
Saudi Arabia	J JOHNSTON & DEVICE	168/100	7	03/17/87	11/24/96	
Singapore	JP DEVICE	4755/84	7	09/06/84	09/06/01	
Slovenia	LIQUI-SEAL	Z-1368/91	7	07/08/91	07/08/01	
Slovenia	DYNA LINE	Z-1969/91	7	07/06/91	07/08/01	
Slovenia	JP DEVICE	24,711	7	08/16/80	03/01/94	Renewal/Revalidation 03/01/94
Slovenia	J JOHNSTON & DEVICE	26,259	7	02/25/82	03/01/94	Renewal/Revalidation 03/01/94
Spain	JP DEVICE	1,611,563	7	01/15/91	01/15/01	
Sweden	LIQUI-SEAL	156,379	7	07/30/86	07/30/96	
Sweden	DYNA LINE	157,284	7	10/29/66	10/29/96	
Syria	LIQUI-SEAL	11,750	7	03/09/76	03/09/01	
Syria	DYNA LINE	11,751	7	02/19/76	04/20/01	
yria	J JOHNSTON & DEVICE	14,564	7	07/04/63	07/04/03	
Chailand	JP DEVICE 2	271,314/17,105	7	09/07/94	09/07/04	
hailand	J JOHNSTON & 2 DEVICE	271,315/17,107	7	09/07/84	09/07/04	
Thailand	JOHNSTON PUMP	146587/101096	7	04/05/85	04/05/05	
Turkey	DYNA LINE	91,994	N/A	06/21/66	06/21/96	
Turkey	JP DEVICE	86,638	N/A	02/21/65	02/21/95	Renewal Filed
Turkey	LIQUI-SEAL	92,067	N/A	05/03/86	05/03/96	
United Kingdom	DYNA LINE	1,061,679	7	04/22/83	04/22/97	
Jnited Kingdom	JP DEVICE	1,039,006	7	11/27/81	11/27/05	
Jnited Kingdom	LIQUI-SEAL	1,060,077	7	03/11/83	03/11/97	
United States	J & DEVICE	1,007,800	23	04/01/75	04/01/95	Renewal Filed
Inited States	J JOHNSTON & DEVICE	589,312	23	05/12/52	05/04/94	Renewal Filed
Jnited States	LIQUI-SEAL	1,026,087	23	02/21/75	12/02/05	

Country	Trademark	Application/ Reg. Number	Class	Date of Origin	Expiration Date	Notes	
United States	J & Design	654,098	23	11/05/77	11/05/97		
United States	DYNA LINE	1,096,491	23	07/18/78	07/18/98		
United States	J JOHNSTON & DEVICE	1,468,797	7	12/16/87	12/16/07		
United States	JP DEVICE	1,468,798	7	12,16/87	12/15/07		
Venezuela	JP DEVICE	82,162	23	07/12/76	07/12/91	Renewal Filed	
Venezuela	LIQUI-SEAL	67,139	23	06/21/78	06/21/93	Renewal Filed	
Venezuela	DYNA LINE	87,213	7	06/30/78	07/08/01	Formerly 67,123	
Yugoslavia	LIQUI-SEAL	38,280	7	05/15/80	07/08/01		
Yugoslavia	JP DEVICE	24,711	7	05/15/60	08/15/80	Renewal Filed	
Yugoslavia	DYNA LINE	38,281	7	12,10/80	07/08/01		
Yugoslavia	J JOHNSTON & DEVICE	26,259	7	02/25/82	02/25/92	Renewal Filed	

E. Paco Pumps

Trademarks

Country	Trademark	Application/ Reg. Number	Class	Date of Origin	Expiration Date	Notes
Australia	PACO	B167,061			04/13/99	
Benelux	PACO	318,292	7	04/09/73	04/09/03	
Canada	PACO	TMA375,510	N/A	11/09/90	11/09/05	Formerly Application no. 637,865
China	PACO	177,027	18	05/15/83	05/14/93	Renewal Filed
China	PACO	177,026	9	05/15/83	05/14/03	
Colombia	PACO & GRAFICA	99,875	7	08/13/82	08/13/97	
Colombia	PACO	99,873	(regis	stration not :	in file)	Renewal Filed
Denmark	PACO	1802/1974	7	04/07/74	06/07/94	
Hong Kong	PACO	1363/1981	7	04/09/73	05/30/01	180
India	PACO	349,649	7	05/28/86	05/28/93	Renewal Filed
Italy	PACO	293,394	7	05/09/73	09/05/93	Renewal Filed
Kuwait	PACO	11,277	7	06/30/79	06/28/99	
Philippines	PACO	36,055	7	10/14/76	10/14/06	
R.O.C.	PACO	121,663	95	10/01/79	09/30/99	
R.O.C.	PACO (In Chinese)	121,664	95	10/01/79	09/30/99	
Saudi Arabia	PACO	269/14	7	03/22/81	01/14/02	
Singapore	PACO	79,596	7	03/21/79	03/21/00	
Switzerland	PACO & DEVICE	407,151	7	04/19/73	03/24/13	
Switzerland	PACO	407,275	7	04/19/73	03/24/13	
United States	PACOMONITOR	923,496	26	11/09/71	11/09/01	
United States	PACO MINIFLO	1,140,230	7	10/07/80	10/07/00	
United States	PACO	1,037,299	7	04/16/76	10/07/96	

Country	Trademark	Application/ Req. Number	Class	Date of Origin	ExpirationDate	Notes
United States	PACOFLO	995,246	23	10/06/74	10/08/94	Renewal Filed
United States	PIP	1,030,589	7	01/20/76	01/20/96	Renewal Filed
United States	SMARTPUMP (stylized)	1,288,694	7	08/07/64	08/07/04	

F. Newmans Inc.

<u>Trademarks</u>

Country	Trademark	Registration Number	Date of Origin	Expiration Date	Notes
People's Republic of China	NEWCO	610988	9/20/92	9/20/02	
United Kingdom	NEWCO	1540380	7/1/93	7/1/00	
Indonesia	NEWCO	318648	9/1/94	9/1/03	
Spain	NEWCO	1919478	8/31/94	8/31/04	
Romania	NEWCO	17821	9/91		
United States	NEWCO	1878442	2/14/95	2/14/01	
Canada	NEWCO	431597	8/5/94	8/5/09	
Germany	NEWCO	2079167	7/14/93	7/15/03	
Mexico	NEWCO	476427	10/10/94	10/10/03	
Benelux	NEWCO	544651	7/1/93	7/1/03	
France	NEWCO	93/483.795	9/13/93	9/13/03	
Italy	NEWCO	625728	6/17/94	8/9/01	
Colombia	NEWCO	38706	8/30/94		Pending
India	NEWCO	638532	8/31/94		Pending
Malaysia	NEWCO	94/07847	9/1/94		Pending
Venezuela	NEWCO		8/31/94		Pending

G. Barber Industries, Inc.

Trademarks	Country	Reg. #	Renewal Reg. Date
Barber Stylized	Canada	300,242	22 Feb. 1985
Barber Stylized	U.S.	1,366,308	22 Oct. 1985
Enoco	Canada	185,000	30 Oct. 1987*
Rigsaver	Canada	120,377	09 Dec. 1990°
	U.S.	1,143,924	23 Dec. 1980
Presco-Dyne	Canada	384,845	24 May 1991
Presco-Dyne	U.S.	1,583,394	20 Feb. 1990
Presco Switch	Canada	265,775	05 Feb. 1982
Presco Switch	U.S.	1,234,363	12 Apr. 1983
Presco Pilot	Canada	262,570	23 Sep. 1981
Presco Pilot	U.S.	1,241,888	14 Jun. 1983
Presco Isolator	Canada	355,193	28 Apr. 1989
Presco Isolator	U.S.	1,570,625	12 Dec. 1989
Presco Pump	Canada	349,304	16 Dec. 1988
Presco Pump	U.S.	1,558,779	03 Oct. 1989
Lev-O-Matic	Canada	131,026	17 May 1993°
Presco	Canada	360,453	15 Sep. 1989
Presco	U.S.	1,658,829	01 Oct. 1991

^{*} Renewed Registrations

Additional Non-Maintained Registrations

Trademark	Country	Reg. #	Date
Sampli-Matic	Canada	123,849	October 6, 1961
Enoco & Design	Canada	193,398	August 17, 1973
Barber	Canada	260,448	July 3, 1981
Beecon	Canada	267,281	March 12, 1982
Balls Make the Difference	Canada	269,205	May 28, 1982
Crown Saver	Canada	270,578	June 25, 1982
Balls Make the Difference	Canada	387,506	August 9, 1991
Deck Bushing Design	Canada	407,081	January 22, 1993

Valve Actuators and Control Systems (Associated Trademark - Presco-Dyne)

Self contained valve actuator and control systems utilizing a compression spring. Spring is compressed hydraulically by a manual hand pump. Valve is actuated (closed or opened) when compressed spring is allowed to expand by releasing hydraulic oil back to reservoir.

Markets: Oil and gas producers and pipeline operators.

Country	Patent #	Issued	Application	Filed
Canada	1,031,311	16/05/78		
U.S.A.	4,423,748	03/01/84		
Canada	1,284,288	21/05/91		
U.S.A.	5,070,900	10/12/91		
Canada	1,317,850	18/05/93		
Canada	1,333,354	06/12/94		
U.S.A.	5,291,918	08/03/94		
U.S.A.			08/202/577	28/02/94

Pneumatic/Gas Operated Valve Actuator

Country	Patent #	Issued
Canada	2,135,951	16/11/94
U.S.A.	08/202/577	28/06/93

Wellhead Safety Valve Controller

Country	Application	Filed
Canada United Arab Emirates	2,135,951 130/94	16/11/94 11/94
Saudi Arabia	94150355	11/94
U.S.A.	Number not yet assigned	07/06/95

Casing Hanger

An improved casing hanger and sealing mechanism that can be set and sealed with minimum casing weight but that will also support maximum casing loads without collapsing in the casing.

Markets: Oil and gas producers.

Country	Patent #	Issued
Canada	1,196,573	12/11/85

Pilots

Pressure responsive control device that monitors pressure and when the pressure departs from the established set point range the pilot will depressure a hydraulic control circuit and thereby trip closed a connected valve actuator or Safety Valve control system.

Country	Patent #	Issued	Application	Filed
U.S.A	5,213,133	25/05/93		
Canada			2,052,418	27/09/1991
Canada			2,088,185	05/02/1993
U.S.A.	5,341,837	30/08/94		
Canada			2,131,045	29/08/1994
U.S.A.			08/298/346	29/08/1994

Isolator Valve

A ball valve with side outlet ports used to attach a pilot or pressure switch directly to a pipeline with means to isolate the pilot from the line to permit calibration and testing of the pilot without removing the pilot from the flowline.

Country	Patent #	Issued
Canada	1,316,899	27/04/93

2-Way Latching Trip Valve

A valve that can be manually closed and latched closed to hold a valve actuator in a pressured state and that will be changed from the latched status to the armed status when fluid pressure in a control circuit is applied and that will, from the closed armed position, move to the open position and permit a spring biased actuator to close when the pilot pressure is removed.

Country	Patent #	Issued
Canada	1,299,969	05/05/1992
U.S.A.	4,961,560	09/10/1990

Rigsaver

A valve which is mounted in the intake manifolding of diesel engines and blocks this passageway to prevent the inhalation by the engine of air and combustible vapours that might otherwise cause the engine to overspeed to the point of destruction with coincident ignition of the surrounding combustible gases.

Market: Engine O.E.M. and after market users.

Country	Patent #	Issued	Application	Filed
Canada	1,060,294	1979		
Canada	1,249,193	24/01/1989		
U.S.A.	4,215,845	05/07/1980		
U.S.A.	4,537,386	27/07/1985		
U.S.A.	5,203,536	20/04/1993		
U.S.A.	5,205,252	05/07/1980		
Canada			571,918	13/07/88
Canada			2,044,379	12/06/91
Canada			1,059,696	20/01/92

Wellhead Sealing System

A number of elastomer seal configurations for sealing between inner and outer wellhead component surfaces. These seals are interchangeable in common dimension recesses; will seal over a wide range of pressures without auxiliary pressure loading; have internal reinforcement to resist extrusion and have provision for plastic loading.

Markets: Oil and gas wellheads

Country	Patent #	Issued
Canada	1,208,123	22/07/86
U.S.A.	4,593,914	10/06/86

Material Contracts

- 1. Credit Agreement and all amendments thereto.
- Lender Warrants of the Company, dated as of March 19, 1990 and amended October 16, 1991, issued to Heller.
- Dilution Agreement, dated as of October 16, 1991, among the Company and the lenders and the stockholders named therein.
- 4. Repurchase Agreements, dated as of October 16, 1991, as amended November 24, 1992, between the Company and each of the Purchasers named therein.
- 5. Amended and Restated Repurchase Agreements, dated as of October 16, 1991, as amended November 24, 1992, between the Company and each of the Purchasers named therein.
- 6. Share Purchase Agreements, dated as of October 16, 1991, as amended, between the Company and each of the Purchasers named therein.
- 7. Amended and Restated Share Purchase Agreements, dated as of October 16, 1991, as amended, between the Company and each of the Purchasers named therein.
- 8. Letter Agreements, dated November 24, 1992, between the Company and the Parties thereto with respect to certain provisions in the 14% Notes which survive the issuance of the 13.25% Notes.
- 9. Class B Preferred Stock Purchase Agreements, dated as of October 16, 1991, between the Company and the Purchasers named therein.
- 10. Consent Letter from Sun Life, dated October 9, 1992.
- 11. Indenture.
- 12. Amended and Restated Stockholders Agreement, dated as of October 16, 1991, as amended, among the Company and its stockholders.
- 13. TJC Consulting Agreement.
- 14. Form of Indemnification contract between the Company and each of its directors.

- 15. The Employment and Severance Agreements.
- 16. Guaranty, dated September 21, 1992, from the Company to Penberthy, Inc.
- 17. Non-Competition Agreement, dated November 24, 1992, between DeVlieg and Penberthy.
- 18. Guaranty, dated November 24, 1992, by the Company of CPA-5 Lease.
- 19. Guaranty, dated December 4, 1992, from the Company to Techno Corporation.
- 20. Distribution, Trademark and Purchase Agreement, dated as of February 12, 1993, by and among Axel Johnson (Canada) Inc. (including its Penberthy Canada and Brian Controls divisions), Penberthy, Inc. and Penberthy Canada Products, Inc.
- 21. Supply and Distribution Agreement, dated February 12, 1993, by and between Penberthy, Inc. and Axel Johnson (Canada) Inc., including its Penberthy Canada and Brian Controls divisions.
- 22. Trademark License Agreement, dated as of February 12, 1993, between Axel Johnson (Canada) Inc. and Penberthy, Inc.
- 23. Guaranty, dated as of February 12, 1993, by the Company Corporation in favor of Axel Johnson (Canada) Inc.
- 24. Distribution and Manufacturing Agreement, dated July 23, 1986, between Johnston Pump/General Valve, Inc. and Hindle Cockburns Limited.
 - 25. Employment/Severance/Non-Competition/Non-Interference and Consulting Agreements listed on Schedule 1.1.
 - 26. SAR Agreements listed on Schedule 1.2.
 - 27. H&H guaranty to guarantee final payments of purchase price.
 - 28. Leases of real property listed on Schedule 4.5.
 - 29. Executed Guaranty, dated August 22, 1994 from NEWFLO to Trinity H, Inc., filed with the Commission on March 30, 1995, and herein incorporated by reference.
 - 30. Form of Transfer, Assignment and Contribution among NEWFLO Corporation, Newman's International and Newman's Inc. dated

- as of December 29, 1994, filed with the Commission on March 30, 1995, and herein incorporated by reference.
- 31. Certificate of Dissolution for H&H Valve Co., Inc. dated as of March 23, 1995.
- 32. Assignment and Assumption Agreement between H&H Valve Co., Inc. and General Valve dated as of March 23, 1995.
- 33. Assignment and Assumption Agreement between H&H Valve Co., Inc., General Valve Company, Inc. and Joseph Michael Heinen dated as of March 23, 1995.
- 34. Assignment and Assumption Agreement among H&H Valve Co., Inc., General Valve Company, Inc. and William Ross dated as of March 23, 1995.
- 35. Insurance Contracts.
- 36. Insurance retrospective agreements.
- 37. Collective Bargaining Agreements.
 - A. Collective Bargaining Agreement between Paco Pumps, Inc. and the International Association of Machinists and Aerospace Workers, AFL-CIO, dated as of June 1993 and effective through May 31, 1996.
 - B. Collective Bargaining Agreement between Penberthy, Inc. and Local No. 468 of the Glass, Molders, Pottery, Plastics and Allied Workers International Union AFL-CIO, dated as of June 2, 1996 and effective through June 2, 1999.
 - C. Collective Bargaining Agreement between Barber Industries, Inc. and Local 371 of the Glass, Molders, Pottery, Plastics and Allied Workers International Union AFL-CIO, dated as of February 1, 1996 and effective through January 31, 1999.
- 38. Representative and Distributor Agreements.
- 39. Supply and Distribution Agreement, dated April 28, 1995, between Peacock (distributor) and Penberthy.
- 40. Technology transfer and manufacturing within Saudi Arabia per agreement between Abunayyan Trading Co. and Johnston Pump issued April 17, 1991.

- 41. Stock and Asset Purchase Agreements pursuant to which NEWFLO and its Subsidiaries have acquired Subsidiaries and product lines.
- 42. Intercompany Cash Management and Loan Agreements between the Company and its Subsidiaries.
- 43. Tax Allocation Agreements between the Company and its Subsidiaries.
- 44. Management Consulting Agreements between the Company and its Subsidiaries.
- 45. Licensing and Distribution Agreement between Johnston Pump Company, Inc. and Johnston Pump of Canada, Inc.
- 46. Offer to Purchase and Interim Agreement to sell surplus vacant property in Edmonton, Canada between Barber Industries and Canba Holdings LTD.
- 47. Non-exclusive agreement between Paco Pumps and Pumpex/Scan for Paco to market Pumpex product in the U.S.
- 48. Foreign Manufacturing Contracts. Newman's Incorporated has four written contracts with its foreign suppliers.

Product Supplied	Country of Mfg.	Annual Commitment	Cancellation Penalties
Cast Steel	Romania	1,750 tons in 1995 to 2,00 tons in 2000	None
Cast Iron	Romania	\$1,000,000	None
Cast Steel	Korea	800 tons	None
Wellhead Valves	Romania	No minimum purchase commitment	None

49. Newman's Incorporated has the following Purchase Orders as of 6/24/96. The amount of the P.O. is the unshipped balance against the P.O. and the expiry is the anticipated dated that the P.O. will be completed. It should be noted that each of these P.O.'s will have interim, usually monthly, shipments against them so that the net outstanding balances will correspondingly diminish with each interim shipment.

Supplier	Net Outstanding Amount	Product Purchased	Estimated Expiry
Dalian High Pressure Valve	1,014,985.35	Forged Steel Valves	5/97

Jinn Lung Motor Co., Ltd.	1,652,901.00	Cast Steel Valves	7/96
Jinn Lung Motor Co., Ltd.	5,540,932.00	Cast Steel Valves	2/97
Kookjae Steel Industries	4,006,366.00	Cast Steel Valves	1/97
L.V.F. S.R.L.	536,730.00	Forged Steel Valves	1/97
Mitsumoto Valve Mfg.	4,001,529.00	Cast Steel Valves	3/98
Prime Grade Quality Ltd.	588,302.00	Cast Steel Valves	3/97
U.M.B S.c.Robinette Ind.	747,534.70	Cast Iron Valves	2/97
UPET S.A.	3,169,489.74	Cast Steel Valves	4/97
UPETROM S.A.	1,031,250.00	API 6A & 6D Valves	6/97
UPETROM S.A.	1,081,800.00	API 6A & 6D Valves	6/97

- 50. Johnston Pump sales contracts with each of Public Service Electric & Gas (U.S.A.), P.T. Guna (Indonesia), and San Ying Enterprises (Taiwan).
- 51. Paco Pumps sales contract with Nakornthai Strip Mill (Thailand).
- 52. Paco Pumps has the following purchase orders as of June 26, 1996:

Vendor	P.O. Value	Expected Ship Date	
U.S. Electric Motors	528,096	12/96	
Hazleton Pumps	approx. 1,467,947	12/96	

Business Insurance

Coverage	Named Insured	Policy No.	Insurance Company	Policy Term	Amount of Coverage	Annual Premium	Best Rating
Workers' Compensation	See Attached	C19615150	Industrial Indemnity	3-1-96 to 3-1-97	\$1,000,000 Employers Liability	\$788,361 Est.	A-XV
Nuclear Liability	NEWFLO Corp.	NS-0515	ANI Domestic S & T	1-1-96 to 1-1-97	\$10,000,000	\$9,758	NA
Directors & Officers Liability	NEWFLO Corp.	4832398	National Union	6-4-96 to 6-4-97	\$5,000,000 Aggregate	\$160,000	A++XV
Cargo	NEWFLO Industries NEWFLO Corp. Paco Pumps, Inc. Guardian Valve Repair, Inc. Newman's of Oklahoma, Inc. Newman's Valve, Ltd. Tulsa Valve Inventory Water Specialties Corp. JPG, Inc.	F036596	Federal	6-8-96 to 6-8-97	\$1,000,000 per conveyance	\$20,000 Deposit	A++XIV
Property Boiler & Machinery	See Attached	CPP821251300	Zurich American	8-1-95 to 8-1-96	various	\$196,908	AXI
General Liability	See Attached	GL0821251200	Zurich American	8/1/95 to 8/1/96	\$2,000,000 Aggregate	\$367,161	AXI .
Automobile	See Attached	BAP821251000	Zurich American	8/1/95 to 8/1/96	\$1,000,000 Liability	\$106,600	AXI
Texas Automobile	See Attached	TAP821251100	Zurich American	8-1-95 to 8-1-96	\$1,000,000 Liability	Included	* AXI
Canadian Automobile	See Attached	AF1802065-00	Zurich American	1-31-96 to 1-31-97	\$1,000,000 Liability	\$12,544 Canadian	AXI

Coverage	Named Insured	Policy No.	Insurance Company	Policy Term	Amount of Coverage	Annual Premium	Best Rating
Canadian Automobile	Newman's Valve, Ltd. Penberthy Canada Products	8050002	Continental	8-1-95 to 8-1-96	\$5,000,000 Liability	\$7,579 Canadian	NA
Canadian General Liability	Newman's Valve, Ltd. Penberthy Canada Products, Ltd.	1929032	Guardian	8-1-95 to 8-1-96	\$5,000,000 per occurrence	\$46,750 Canadian	NA
Umbrella Liability	See Attached	43958459	Insurance Co. of PA	8-1-95 to 8-1-96	\$15,000,000 Aggregate	\$179,000	A++XV
Excess Liability	See Attached	EUO8366034	Zurich American	8-1-95 to 8-1-96	\$15,000,000 Aggregate Excess of \$15,000,000	\$44,000	A++XIV
Executive Risk- Fiduciary, Crime & Kidnap/Ransom	NEWFLO Corp.	81316547C	Federal	8-1-95 to 8-1-96	various	\$26,194	A++XIV
Cargo	Johnston Pump/General Valve Co. NEWFLO Corp. JPG, Inc. and all subsidiaries	57CTPJU8308	Hartford	9-18-95 to 9-18-96	\$1,000,000 any one aircraft	Monthly Reporting	A+XV

This is meant to serve as a summary only. For complete terms and conditions please refer to the policy.

NEWFLO Corporation and Subsidiaries

Employee Benefit Plans

Single Employer Pension Plans

- 1. NEWFLO Corporation Employees' Savings Plan (a 401(k) Plan);
- 2. Penberthy, Inc. Pension Plan for Hourly Rated Employees;
- Retirement Plan for Salaried Employees of Johnston Pump/General Valve, Inc. (this plan was frozen as of 12/31/91);
- 4. The Barber Industries Ltd. Pension Plan;
- 5. NEWMAN Valve Limited Deferred Profit Sharing Plan

Multiemployer Pension Plans

1. The I.A.M. National Pension Plan (covers PACO Bargaining Employees).

Government Social Insurance Plans

1. Singapore's Central Provident Fund

Welfare Plans

- Group Insurance Benefits for Employees of NEWFLO Corporation; (includes Medical, Dental, Life, ADD, LD for most active employees and also includes Post-Retirement Medical, Dental, and Life for certain JP/GV retirees);
- NEWFLO Corporation Pre-Tax Premium Payment Plan;
- 3. NEWFLO Corporation Business Travel Accident Plan;
- 4. The Group Insurance Plan (covers Flow Technologies' employees for Vol. ADD, STD, Severance, and Educational Assistance);
- 5. Manufacturer's Association of Northwest Pennsylvania Hospital Plan for Employees of Member Companies (multiple employer medical plan that covers Techno Employees);
- 6. Penberthy, Inc. Flexible Spending Account Plan and Dependent Care Assistance Plan (Section 125 Plan);

- 7. The Barber Industries Group Insurance Plan for Salaried Employees;
- 8. The Barber Industries Group Insurance Plan for Edmonton Hourly Employees;
- 9. The Group Insurance Plan for PACO, Johnston and General Valve Singapore Employees.

Other Benefit Arrangements

- The NEWFLO Corporation Performance Incentive Programs
 (annual bonus plans which cover NEWFLO Corporation Officers
 and certain employees of each of its Subsidiary Operating
 Companies);
- NEWFLO Corporation, and each of its Subsidiary Operating Companies, have their own individual policies, and/or practices, which may cover Vacation, Holidays, Illness and Sick Pay, Company Short Term Disability Pay, Severance Pay, Bereavement Pay, Jury Duty Pay, Leaves of Absence, Medical Reimbursement, Auto Allowances and/or use of Company owned or leased vehicles, Safety Incentive practices, and Educational Assistance.
- Certain NEWFLO Company Officers, and certain Operating Company Presidents have Stock Appreciation Rights (SAR) Agreements.
- 4. Unfunded survivor income benefit for Alice E. Weom in the amount of \$1,619.88 per month, annually adjusted for the Cost of Living for the Los Angeles area (widow of L.A. Weom, former President of Johnston Pump).

Taxes

Federal Income Tax returns have been audited and closed through tax year ending December 31, 1991 and are subject to audit for subsequent years.

See Annex 4.9

NEWFLO Inc. and Subsidiaries Section 481(a) Adjustment pursuant to Rev. Proc. 94-49 to comply with final IRC Section 263A Regulations.

Subsidiary	Total Section 481(a) Adjustment	1994 Income (Expense)	1995 Income (Expense)	1996 Income (Expense)	1997 Income (Expense)
Water Specialities	644	644			
Paco Pumps	(62,658)	(15,665)	(15,665)	(15,664)	(15,664)
Johnson Pump	(73,457)	(18,364)	(18, 364)	(18,364)	(18,363)
General Valve	(70,871)	(17,718)	(17,718)	(17,718)	(17,717)
Newmans	(775,260)	(193,815)	(193,815)	(193,815)	(193,815)
Total	(981,602)	(244,918)	(245,562)	(245,561)	(245,559)

Defaults and Violations

None.

NEWFLO CORPORATION and SUBSIDIARIES

OUTSTANDING LEGAL CLAIMS AND KNOWN POTENTIAL CLAIMS

As of June 1, 1996

(Does not include claims related to environmental matters - See ENSR Reports for those matters and Schedule 4.15)

a) CLAIMS AGAINST FLOW TECHNOLOGIES - INSURED CLAIMS

Stephanie Pratt vs. Fox Plaza and others vs. PACO Pumps - Incident 8/6/91

Pratt slipped on some water in the Fox Plaza facility and allegedly injured herself. She is suing Fox Plaza and others. La Salle Partners (one of the defendants) in answering the complaint has cross-complained against PACO for indemnity. PACO provided a booster system for the building in the late 1980's and serviced it in 1991. The cross-complaint has been submitted to our Product Liability Insurance Carrier for them to defend our interests and to provide coverage. The Home Insurance Company has established a \$25,000 reserve on this fully insured claim.

City of Livermore - PACO Pumps Incident date 12/9/94
A pump rented from PACO by the City of Livermore
allegedly froze in the cold and as a result some fire
sprinkler heads leaked in a Costco warehouse. No one
was injured. Recently (3/96), our insurer received a
letter from the City of Livermore attorney claiming
PACO was responsible and that the damages were \$71,886.
Our insurer is investigating the incident at this time.

Auto Accident Claims

There are a number of auto accident claims open. These claims are all fully insured.

b) CLAIMS AGAINST FLOW TECHNOLOGIES - UNINSURED CLAIMS

Terry Dukes Claim against Flow Technologies, Inc.

A demand letter from an attorney representing a former employee was received in February, 1995 alleging that the former employee was terminated in violation of the Americans with Disabilities Act (ADA) and the Texas Commission on Human Rights Act. The letter indicated that a claim has been filed with the Texas Commission on Human Rights and demanded \$10,000 within twenty

days, or a lawsuit would be filed. The letter was turned over to Baker and Botts. In December, 1995 we received a notice from the EEOC that they were now handling her claim. The EEOC requested a position statement by the Company which we provided. On April 3rd, 1996 we received a copy of a Right to Sue Notice that the EEOC sent to Terry Dukes. The EEOC has terminated its involvement in her claim. If she wishes to pursue her claim we will need to retain an attorney and commence a lawsuit within 90 days. We feel the chances of her doing this are very small.

General Valve Warranty Claim - Russian Installation (Potential Claim)

General Valve supplied valves to Smith Systems for an installation in Russia. There was an alleged problem with the slip seals. General Valve sent representatives to Russia to help resolve the issues. The valves are now working fine. At this point, Russia has indicated that they intend to do some testing of the valves. General Valve has agreed to pay one half of the total cost of this testing should it take place (one-half equals about \$35,000). According to the President of General Valve, there is little likelihood that this warranty claim will result in a lawsuit or any further cost to the Company.

Marrello Valve Ltd. - Potential Claim

On June 25, 1996 the Company received a faxed letter from the President of this former distributor of General Valve claiming that they are in the process of taking legal action against General Valve, and others, for breach of contract, and other actions, due to the termination of their exclusive distribution agreement by General Valve without the giving of proper notice. This distributor also owes General Valve over \$200,000 for General valves previously shipped to them. The President of General Valve believes that Marrello Valve Ltd. was provided with proper notice of termination of their distributorship.

PACO Pumps Union Employees' Decertification Petition - Potential Claim

The shop employees of PACO's Oakland, California branch filed a petition in June, 1996 with the National Labor Relations Board for the purpose to decertify the Union which currently represents them. The decertification election has been set for July 31, 1996. While the Company believes this election will take place without any legal issues, there is always the possibility that the Union may file Unfair Labor Practice Charges

against the Company with the NLRB in an attempt to retain their status of representing the shop employees.

Jim Ockwood - Former Employee - Potential Claim
An employee of Johnston Pump was terminated for
excessive absenteeism, after being given several
warnings, and for failure to provide acceptable
documentation for his unexcused absences. A few days
after his termination on June 14, 1996 he contacted the
Company and threatened to sue the Company over his
termination.

CLAIMS AGAINST NEWMAN'S - INSURED CLAIMS

Ronelle L. Weeks vs. Precision Actuation Systems (aka Newman's New Jersey

On December 1, 1992 Newman's was served with a lawsuit on an incident that occurred on August 10, 1989. incident involved an explosion of a Boiler in a building owned by Consolidated Edison. The explosion caused personal injury to Ronelle Weeks, who was an employee of Consolidated Edison. The lawsuit is against fifteen defendants and seeks total damages of \$8,000,000. Since the occurrence happened prior to the date NEWFLO acquired Newman's, the lawsuit was tendered to Newman's prior Insurance Broker, The Holmes Organization, and to the insurance carrier with coverage in effect at that time, which was the St. Paul Surplus Lines Insurance Company. The St. Paul has verified coverage and has accepted liability and defense of the claim. They have established a \$10,000 reserve on the case. Under the insurance policy with the St. Paul there is a \$25,000 deductible which Newman's is responsible for. The claim was also filed with the excess liability carrier in effect at that time (Chubb Ins. Co.) since the damages claimed exceed the primary insurance limits. A deposition of the Newman's Branch Manager is scheduled for late April, 1996. Recent information indicates that the valve in question probably was never a Newman's supplied valve. A motion for Summary Judgment releasing Newman's from the case may be filed shortly.

d) <u>CLAIMS AGAINST NEWMAN'S - UNINSURED CLAIMS</u>

Bankruptcy Trustee for Olympia Holding vs. Newman's Whitaker (Bankruptcy Trustee for Olympia Holding Corporation) brought suit against Newman's for recovery of discounts that P.I.E., a subsidiary of Olympia Holdings, had given Newman's on its freight bills. The Trustee contends that these discounts were illegal.

The suit claims \$184,000 in amounts due them. We have retained counsel to represent us. We are one of over 5,000 suits filed by the Trustee. One of these other cases has been tried before the court as a test case. The ruling in this test case was in favor of the defendants. Pending an appeal of this recent decision in this test case, we anticipate that no action will be taken on the above claims by either the Trustee or the Court. Our counsel feels that Newman's will be able to settle for less than \$5,000.

e) <u>CLAIMS AGAINST WATER SPECIALTIES</u>

DFEH Discrimination Charge - Received 6/3/96
Lisa Slayton, a CAD Computer operator, was terminated in March, 1996 for excessive absenteeism after many warnings. She has filed a discrimination charge against Water Specialties with the California Department of Fair Employment and Housing (DFEH) claiming they denied her medical leave under the Family Medical Leave Act (FMLA). The Company believes Lisa Slayton was not discriminated against in her termination and will be fighting the discrimination charge.

f) CLAIMS AGAINST TECHNO

Turblex Potential Claim Incident dates 5/6/96 & 5/9/96 Four check valves may have malfunctioned causing damage to four blowers. No injuries. Potential claim for damages to the blowers of \$50,000 to \$100,000 for repairs. We are investigating this potential claim at this time. This incident has been reported to the Company's product liability insurance carrier.

g) PENBERTHY - U.S. Dept. of Commerce Investigation

In April, 1996, Penberthy received a letter from the U.S. Department of Commerce indicating they were conducting an investigation into the export transactions of certain exporters and/or consignees and requested that Penberthy submit to them any information concerning any exports Penberthy made to Switzerland, Germany, Malta and the United Kingdom from 1/1/94 to 4/18/96.

- h) <u>CLAIMS AGAINST BARBER INDUSTRIES INC.</u>
 No known or pending claims
- i) <u>CLAIMS AGAINST NEWFLO CORPORATION</u>
 No known or pending claims.

Environmental Matters

- All Form 10-K's as filed with the Securities and Exchange Commission;
- All Form 10-Q's as filed with the Securities and Exchange Commission;
- ENSR Environmental Due Diligence Examination of NEWFLO Corporation and Subsidiary Companies, dated May, 1995 (Volumes 1 and 2);
- Environmental Methods Annual Facility Audit & Subcontractor Audit for Flow Technologies, Inc., report dated May 27, 1996;
- 5. Environmental Methods Annual Facility Audit for Johnston Pump Service Center, 3618 West 1820 South, Salt Lake City, Utah, report dated April 25, 1996;
- Environmental Methods Report of Remediation Activity Voluntary Clean Up for Newman's, 6941 Avenue S. Houston, Texas, report dated March 5, 1996;
- 7. Earth Tech Annual Facility Environmental Audit for Johnston Pump Company, 2601 East 34th Street, Chattanooga, Tennessee, report dated October, 1995;
- Earth Tech Annual Facility Environmental Audit for Johnston Pump Company, 2305 56th Street, Hampton, Virginia, report dated October, 1995;
- 9. Earth Tech Audit of Subcontract and Waste Management Facilities for PACO Pumps, Portland Oregon location, report dated October 5, 1995;
- 10. Earth Tech Report of Construction Activity Pump Wash Station for PACO Pumps, Portland Oregon location, report dated September, 1995;
- 11. Earth Tech Supplemental Report Soil Sampling Activity at PACO Pumps, Portland Oregon location, report dated August 9, 1995;
- 12. Earth Tech Summary Report Excavation of PCB Contaminated Soil at PACO Pumps, Portland Oregon location, report dated May 15, 1995;

- 13. Earth Tech Response to Draft Report by ENSR, Key Issues and Associated Liability Cost Estimates, report dated May 5, 1995;
- 14. Earth Technology Report of Phase 1, Environmental Site Assessment with Limited Sampling for Proposed Johnston Pump Lease Facility located at 530 Aberdeen Road, Hampton, Virginia, report dated August 17, 1993;
- 15. Earth Tech Quarterly Groundwater Sampling Reports for Johnston Pump/General Valve, 300 West Channel Road, Benicia, CA location, reports dated June, 1995 and July, 1995;
- 16. Earth Tech Bi-Annual Groundwater Sampling Report for December, 1995 for Johnston Pump/General Valve, 300 West Channel Road, Benicia, CA report dated January, 1996;
- 17. Earth Tech Quarterly Self-Monitoring Report Groundwater Treatment System, for facility located at 300 West Channel Road, Benicia, CA, reports dated July 13, 1995 and October 25, 1995;
- 18. Earth Tech Annual Audit Report for Johnston Pump Company, facility located at 1944 South Broad Street, Mobile, Alabama, report dated April 24, 1995;
- 19. Jonas and Associates Work Plan Installation of Monitoring Well 8MW3 and Destruction of 8MW2 for PACO Pumps, location at 845 92nd Avenue, Oakland, CA, report dated June 5, 1995;
- 20. Jonas and Associates Groundwater Monitoring Reports for PACO Pumps, location at 845 92nd Avenue, Oakland, CA, reports dated October 30, 1995 and February 16, 1996;
- 21. Jonas and Associates Oxygen Enhanced Bioremediation Work Plan for PACO Pumps, location at 9201 San Leandro St., Oakland, CA, report dated May 2, 1995;
- 22. Jonas and Associates Groundwater Monitoring Report for PACO Pumps, location at 9201 San Leandro St., Oakland, CA, reports dated October 15, 1995, February 23, 1996, and May 20, 1996.
- 23. ENSR Report dated September 9, 1991 on the acquisition of Johnston Pump/General Valve titled Johnston Pump/General Valve Environmental Due Diligence;
- 24. ENSR Report dated November, 1995 on the acquisition of Barber Industries, Ltd. titled NEWFLO Corporation, Environmental Due Diligence Examination of Barber Industries, Ltd.;

- 25. ENSR Report dated September, 1993 on the acquisition of H&H Valve Company titled [NEWFLO] Corporation Environmental Due Diligence Examination of H&H Valve Company;
- 26. Due Diligence Library Section C Legal, Volume titled V. Environmental, Health & Safety Matters;
- 27. MSDS's on materials used for sandblast purposes;
- 28. United States Environmental Protection Agency (EPA) letter to Johnston Pump/General Valve, Inc. dated January 24, 1995 on the subject of "Responsibility for Clean Up of Groundwater Contamination at the Baldwin Park Operable Unit, San Gabriel Valley Area Two Superfund Site";
- 29. All correspondence, memos and notes to, from and between, ENSR, Jonas and Associates, Earth Tech, Environmental Methods, A.J. Kennard, Mark Jonas, governmental agencies, Weatherford Enterra, officers and employees of NEWFLO Corporation and all its Subsidiaries, regarding any matters involving environmental matters, between the dates of April 1, 1995 through June 4, 1996, as made available for review by David Murray, Manager of Environmental Affairs for Precision Castparts Corp.

Absence of Changes

In early April 1996 Newman's received notice that a marine and steel valve supplier, Kookjae Valve, was forced into bankruptcy. Kookjae Valve has committed to ship the remaining items on an existing purchase order before the end of August 1996. It is expected that with the shipment in August 1996 that Newman's will have sufficient inventory to satisfy its needs for the next six months before certain items are out of stock. Kookjae Valve was one of the largest suppliers of Newman's in 1995. Newman's has a second source of supply. Newman's has identified a potential new source for these valves so it would be expected that any interruption in supply of these valves would have a minimal impact on Newman's ability to serve this market niche.

submitted the samples for the customer's perusal and are awaiting their approval to proceed. Penberthy believes approval will be granted within a reasonable period and the effect on sales will be modest.

ESCROW AGREEMENT

ESCROW AGREEMENT, dated as of _____, 1996, by and among PRECISION CASTPARTS CORP. (the "Purchaser"), those certain individuals and/or holders of the capital stock of NEWFLO CORPORATION, a Delaware corporation (the "Company"), listed on Schedule I hereto (the "Sellers") and [Republic Bank, N.A.] (the "Escrow Agent"). Capitalized terms used herein and not otherwise defined shall have the same meaning ascribed to such terms in that certain Stock Purchase Agreement (the "Stock Purchase Agreement"), dated June 28, 1996, by and among the Company, the Sellers and Purchaser.

RECITALS

WHEREAS, the Purchaser and the Company have entered into the Stock Purchase Agreement for the sale of all of the issued and outstanding Shares of the Company pursuant to the Stock Purchase Agreement, the closing with respect to which (the "Closing") is taking place concurrently herewith;

WHEREAS, the Stock Purchase Agreement provides for the delivery of fifteen million (\$15,000,000) (the "Escrow Amount") to the Escrow Agent at the Closing to be held subject to and applied as set forth in this Escrow Agreement.

WHEREAS, the Escrow Agent is willing to establish a Escrow Account (as defined herein) on the terms and subject to the conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the consummation of the transactions contemplated by the Stock Purchase Agreement, and payment to the Escrow Agent of the sum of one dollar (\$1.00), and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Deposit, Delivery and Receipt of Escrow Funds. The Escrow Agent hereby acknowledges receipt of the sum of the Escrow Amount from the Purchaser. The Escrow Account is being established for the purpose of providing indemnification to Purchaser pursuant to Article X of the Stock Purchase Agreement. The Escrow Agent agrees to hold the Escrow Amount, together with all interest, dividends, distributions or other income or capital appreciation accumulated thereon that is not paid or distributed in accordance with this Agreement in an escrow account (the "Escrow Account"), in accordance with the terms and conditions set forth in this Escrow Agreement.

Section 4. Claims and Releases from the Escrow Account.

- (a) Upon written notice to the Escrow Agent of a Determination (as defined in subparagraph (b)(iii) below), and upon delivery to the Escrow Agent of evidence in the form described in the definition of the term "Determination", the Escrow Agent shall promptly pay to the Purchaser an amount from the Escrow Amount, as provided in the Determination.
- (b)(i) Upon notice from the Purchaser to the Escrow Agent and the Representative (containing the information set forth in subparagraph (ii) below), that, pursuant to Article X of the Stock Purchase Agreement, the Purchaser is asserting against the Sellers, a right of indemnity with respect to a claim (a "Claim"), the Escrow Agent shall, if such notice sets forth the amount of such Claim, hold a portion of the principal sum of the Escrow Account equal to the amount of such Claim as set forth in such notice (or, if the amount set forth exceeds the principal sum of the Escrow Account, the entire principal in the Escrow Account) in escrow until receiving a notice of Determination of such Claim.
- (b)(ii) For the purpose of this Escrow Agreement, "Determination" shall mean: (1) a written compromise, settlement or joint instructions (including any given pursuant to Sections 10.5 or 10.6 of the Stock Furchase Agreement) signed by the Purchaser and the Representative or, if applicable, by a third party, pursuant to the Stock Purchase Agreement, or (2) a binding arbitration award or a judgment of a court of competent jurisdiction in the United States of America or elsewhere (the time for appeal having expired and no appeal having been perfected) in favor of the Purchaser and against the Sellers and based on a Claim under Article X of the Stock Purchase Agreement.
- (c) Indemnification claims pursuant to any Determination will be limited, in any event, to the Escrow Amount, except as provided in Section 10.7(b) of the Stock Purchase Agreement with respect to a breach of Section 3.1(a) of the Stock Purchase Agreement.
- Section 5. Settlement of Disputes. Any dispute which may arise under the Escrow Agreement with respect to the delivery and/or ownership or right of possession of the Escrow Amount or any part thereof (but not including a dispute as to whether the Purchaser is entitled to indemnification, which shall be governed by the terms of the Stock Purchase Agreement), or the duties of the Escrow Agent hereunder, shall be settled by mutual agreement of the parties concerned (evidenced by appropriate instructions in writing to the Escrow Agent, signed by all of the parties). If the parties concerned do not reach a mutual agreement within 30 days, then the dispute shall be submitted to arbitration conducted pursuant to Section 16 hereof, each party or parties bearing its own costs and expenses with respect to the dispute; provided, however, that neither the Purchaser nor the Sellers shall have the right to dispute any Claim which has been the subject of a Determination. The Escrow Agent shall be under no duty whatsoever to institute or defend any such proceedings. Prior to the settlement of any such dispute, the Escrow Agent is authorized and directed to

retain in its possession, without liability to anyone, the portion of the Escrow Amount which is the subject of such dispute.

Section 7. <u>Duties and Liabilities of the Escrow Agent</u>. (a) The Escrow Agent shall have no duties or responsibilities except those expressly set forth herein. The Escrow Agent may consult with counsel and shall have no liability hereunder except for its own negligence or willful misconduct. It may rely on any notice, instruction, certificate, statement, request, consent, confirmation, agreement or other instrument which it reasonably believes to be genuine and to have been signed or presented by a proper person or persons.

- (b) The Escrow Agent shall have no duties with respect to any agreement or agreements with respect to any or all of the Escrow Amount other than this Escrow Agreement. In the event that any of the terms and provisions of any other agreement (excluding those provisions of the Stock Purchase Agreement referred to herein and any amendment to this Escrow Agreement) between any of the parties hereto conflict or are inconsistent with any of the terms and provisions of this Escrow Agreement, the terms and provisions of this Escrow Agreement shall govern and control in all respects.

 Notwithstanding any provision to the contrary contained in any other agreement (excluding any amendment to this Escrow Agreement), the Escrow Agent shall have no interest in the Escrow Account except as provided in this Escrow Agreement.
- (c) So long as the Escrow Agent shall have any obligation to pay any amount to the Purchaser from the Escrow Account hereunder, the Escrow Agent shall keep proper books of record and account, in which full and correct entries shall be made of all financial transactions of which the Escrow Agent shall have notice.
- (d) The Escrow Agent shall not be bound by any modification of this Escrow Agreement affecting the rights, duties and obligations of the Escrow Agent, unless such modification shall be in writing and signed by the other parties hereto, and the Escrow Agent shall have given its prior written consent thereto. The Escrow Agent shall not be bound by any other modification of this Escrow Agreement unless the Escrow Agent shall have received written notice thereof.

- (e) The Escrow Agent may resign at any time by giving written notice thereof to the other parties hereto, but such resignation shall not become effective until a successor escrow agent shall have been appointed and shall have accepted such appointment in writing. If no instrument of acceptance by a successor escrow agent shall have been delivered to the Escrow Agent within 30 days after the giving of such notice of resignation, the resigning Escrow Agent may, at the expense of the Representative and the Purchaser, petition any court of competent jurisdiction for the appointment of a successor escrow agent.
- (f) If at any time hereafter the Escrow Agent shall resign, be removed, be dissolved or otherwise become incapable of acting, or the bank or trust company acting as the Escrow Agent shall be taken over by any government official, agency, department or board, or the position of the Escrow Agent shall become vacant for any of the foregoing reasons or for any other reason, the Representative and the Purchaser shall as soon as reasonably possible appoint a successor escrow agent to fill such vacancy.
- (g) Every successor escrow agent appointed hereunder shall execute, acknowledge and deliver to its predecessor, and also to the Representative and the Purchaser, an instrument in writing accepting such appointment hereunder, and thereupon such successor escrow agent, without any further act, shall become fully vested with all the rights, immunities and powers and shall be subject to all of the duties and obligations, of its predecessor; and every predecessor escrow agent shall deliver all property and moneys held by it hereunder to its successor.
- Section 8. Payment by the Sellers. The obligation of the Representative to pay one half of the expenses referred to in Sections 5, $\underline{6}$, $\underline{9}$ and $\underline{10}$ hereof shall be paid from the investment earnings of the Escrow Amount.
- Section 9. <u>Indemnification</u>. The Purchaser and the Sellers shall indemnify and hold the Escrow Agent harmless from and against any and all expenses (including reasonable attorneys' fees), liabilities, claims, damages, actions, suits or other charges ("<u>Agent Claims</u>") incurred by or assessed against the Escrow Agent for anything done or omitted by the Escrow Agent in the performance of the Escrow Agent's duties hereunder, except such which result from the Escrow Agent's negligence or willful misconduct. Any Agent Claims payable hereunder shall be paid in equal shares by the Purchaser and by the Sellers (in accordance with <u>Section 8</u> hereof). The indemnity shall survive the resignation of the Escrow Agent or the termination of this Escrow Agreement.
- Section 10. <u>Power of Attorney</u>. The individual Sellers hereby appoint TJC Management Corp., or its duly appointed representative to serve as the undersigned's agent and attorney-in-fact (the "<u>Representative</u>"), with full power and authority (including power of substitution), in the name of and for and on behalf of each of the undersigned Sellers, or in its own name as Representative, to take all actions required or permitted under this Escrow Agreement, and under all other agreements contemplated hereby, including the giving and

receiving of all accountings, reports, notices and consents and the signing of all certificates. notices, instructions and other documents and making all determinations hereunder and thereunder. The authority conferred hereby shall be an agency coupled with an interest, and all authority conferred hereby is irrevocable and not subject to termination by the undersigned Sellers (or any of them), or by operation of law, whether by the death or incapacity of the Seller, or the occurrence of any other event. If any undersigned Seller should die or become incapacitated or if any other such event should occur, any action taken by the Representative shall be as valid as if such death or incapacity, termination or other event had not occurred, regardless of whether or not the Representative or any other party hereto or to any other agreement contemplated hereby shall have received notice of such death, incapacity, termination or other event. Any notice given to the Representative shall constitute effective notice to each of the undersigned Sellers, and any other party to this Escrow Agreement or any other Person may rely on any notice, consent, election or other communication received from the Representative as if such notice, consent, election or other communication had been received from each of the undersigned Sellers. With respect to all matters relating to the Sellers arising hereunder, Purchaser and the Escrow Agent shall be required to deal only with the Representative, and the decision of such Representative with respect to any matter shall be binding on all of the Sellers. The Representatives may rely on any notice, instruction, certificate or other instrument which it believes to be genuine and to have been signed or presented by a proper person or persons.

The Sellers hereby agree to bear the reasonable charges of the Representative, including reimbursement for out-of-pocket expenses and other costs, and such attorneys' fees, expenses and other costs as may be incurred by the Representative in connection with the administration of the provisions of this Escrow Agreement.

The Representative cannot resign or be removed by the Sellers or the Company, respectively, except upon delivery to Purchaser of a written instrument signed by the successor Representative and by the Company or by Sellers (or their successors in interest) having a majority of the Ownership Percentage, as the case may be, in which the successor Representative agrees to serve as the Representative and the Company or said Sellers consent thereto. Notwithstanding the foregoing, TJC Management Corp. may resign as Representative at any time during the term hereof and appoint TJC Management Corp. as his successor upon delivery of a written instrument to the Purchaser pursuant to which TJC Management Corp. agrees to serve as the Representative.

The Representative shall have no duties or responsibilities except those expressly set forth herein. The Representatives shall be held harmless by the Sellers from any liability, loss, claim, demand or expense (including attorney's fees and expenses) arising out of or in connection with the performance of its obligations in accordance with this Escrow Agreement, except for any of the foregoing arising out of the gross negligence or willful misconduct of the Representative. The foregoing provision shall survive the resignation or substitution of the Representative or the termination of this Escrow Agreement.

Section 11. <u>Termination of Escrow Account</u>. The Escrow Agreement shall terminate upon the first to occur of the following: (i) the date of the distribution of the entire balance of the Escrow Account pursuant to <u>Section 4</u> hereof or (ii) the date which is two (2) years after the Closing Date, except with respect to any pending Claim filed prior to such date, in which event this Escrow Agreement shall terminate upon resolution of all such Claims. Upon such termination, the balance (if any) of the Escrow Amount plus accrued interest, if any, thereon shall be returned to the Sellers in proportion to and in accordance with the percentages set forth opposite their names in <u>Schedule I</u> hereto.

Section 12. Notices. All notices under this Escrow Agreement shall be in writing and shall be deemed to have been delivered, given and received, (i) if personally sent or sent by telegram, when received at the address for the applicable person set forth below, (ii) on the date of acknowledgement or receipt if sent by telex, facsimile or other wire transmission, (iii) if sent by an express courier service, on the first business day following the date on which the notice is deposited with such courier service for next business day delivery or (iv) 5 days after being deposited in the U.S. mail, certified or registered mail, postage prepaid, as follows:

If to Representative:

TJC Management Corp. 9 West 57th Street New York, New York Telephone: (212) 572-0817 Facsimile: (212) 755-5263

with a copy to:

Mayer. Brown & Platt 1675 Broadway New York, New York Attention: James B. Carlson Telephone: (212) 506-2515 Facsimile: (212) 262-1910

If to Purchaser:

Precision Castparts Corp.
[address]
Telephone: () Facsimile: () -

with a copy to:

If to the Escrow Agent:

[] [] [] Telephone: [] Facsimile: []

or to such other person or address as any party shall designate in writing to the other parties.

Section 13. Successors and Assigns. The Escrow Agreement shall be binding upon and shall inure to the benefit of the parties thereto and their respective successors, assigns and legal representatives; provided, however, that the Escrow Agent may not assign this Escrow Agreement or delegate any of its duties hereunder without the prior written approval of the Representative and the Purchaser, which approval shall be granted or denied in their sole discretion, acting jointly.

Section 14. <u>Integration, etc.</u> This Escrow Agreement and all other agreements executed in connection therewith shall supersede all previous negotiations, commitments and writings with respect to the subject matter hereof and thereof. This Escrow Agreement may not be released, discharged, abandoned, changed or modified in any manner, except by an instrument in writing signed on behalf of each of the parties thereto by their duly authorized officers or representatives. The failure of any party hereto to enforce at any time any provision shall not in any way affect the validity of this Escrow Agreement or any part thereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Escrow Agreement shall be held to be a waiver of any other or subsequent breach.

Section 15. <u>Counterparts</u>. This Escrow Agreement may be executed in one or more counterparts, each of which shall constitute an original, and all collectively shall constitute but one instrument.

- Section 16. <u>Litigation</u>: Arbitration. (a) This Escrow Agreement shall be governed by and construed in accordance with the laws of the State of New York without giving effect to principles of conflict of laws. Subject to <u>Section 16(b)</u> hereof, any action brought hereunder, unless otherwise specified herein, shall be brought in the United States District Courts located in the Southern District of New York and the parties to this Escrow Agreement hereby irrevocably consent to the jurisdiction of such courts.
- (b) The parties hereto agree that any dispute between or among the parties relating to or in respect of this Agreement, its negotiation, execution, performance, subject matter, or any course of conduct or dealing or actions under or in respect of this Agreement shall be submitted to, and resolved exclusively in accordance with the Commercial Arbitration Rules of the american Arbitration Association then in effect; except that each of the Purchaser and the Representative shall appoint its own arbitrator within ten days after commencement of arbitration and the two arbitrators shall appoint a third neutral arbitrator within two weeks after their appointment. Failing agreement of the two arbitrators on appointment of a third arbitrator, the neutral arbitrator shall be appointed by the American Arbitration Association. Such arbitration shall take place in New York City, New York, and shall be subject to the substantive law of the State of New York. Decisions pursuant to such arbitration shall be final, conclusive and binding on the parties. Upon the conclusion of arbitration, the parties hereto may apply to any court of the type described in Section 16(a) hereof to enforce the decision pursuant to such arbitration.
- Section 17. <u>Further Assurances</u>. At any time and from time to time after the date hereof, the parties hereto shall at the request of the other and at such other party's expense, execute and deliver any further instruments or documents and take all such further action as such party reasonably may request in order to consummate and make effective the transactions contemplated hereby.
- Section 18. Specific Performance. If any party refuses to comply with, or at any time violates or attempts to violate, any term, covenant or agreement contained in this Escrow Agreement, any other party hereto may, by injunctive action, compel the defaulting party to comply with, or refrain from violating, such term, covenant or agreement, and may, by injunctive action, compel specific performance of the obligations of the defaulting party.

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be duly executed as of the day and year first above written.

PURCHASER:	
	PRECISION CASTPARTS CORP.
	By: Name: Title:
ECODOW ACENT	
ESCROW AGENT:	
	TJC MANAGEMENT CORP.
	By: Name: Title:
SELLERS:	
	MCIT PLC
	By:
	EQUITY-LINKED INVESTORS, L.P.
	By:

EQUITY-LINKED INVESTORS-II

By:	
	Name:
	Title:
WHIT	E RIVER
By:	
-	Name:
	Title:
THE I	KB MEZZANINE FUND, L.P.
Bv:	
	Name:
	Title:
ALLS	OP VENTURE PARTNERS
	Name:
	Title:
Name:	Edmund Damon
	*
Name:	Estate of Robert Davis
Name:	J. Jack Watson



Attachment 1.06(iii) Page 1

PCC Flow Technologies
Pumps and Valves
FYGE Balance Sheet and Income Statement

(in thousands at actual rates

3.

PCC Flow Technologies
Pumps and Valves
FYS4 Balance Sheet and Income Statement

thousands at ectual rates)

PCC Flow Technologies
Pumps and Valves
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PEDACTER

Summary of Division and Corporate Adjustments			 1
Summary of Division and Corporate Asy			 J

PED-SCTED

Name:	Richard D. Morton	
Name:	John W. Jordan, II Revocable Trust	- ₂
Name:	David W. Zalaznick	-
Name:	Jonathan F. Boucher	
Name:	John R. Lowden	
Name:	Paul Rodzevick	
Name:	John Camp	
Name:	James E. Jordan	
Name:	Stephen B. McDonald	
Name:	Adam E. Max	

LEUCADIA INVESTORS, INC.

	Name:	
	Title:	
HEL	LER FINANCIAL, INC.	
By:		
	Name:	
	Title:	
GIR	O CREDIT BANK	
By:		
By: _	Name:	
Ву: _	Name:Title:	
	Name:	
ARA	Title:AB BANKING CORPORATION	ŁI.
ARA	Title:	+1
ARA	Title:AB BANKING CORPORATION	41

SCHEDULE I

	Shares of Common	Ownership
Sellers	Stock Owned(1)	Percentage
MCIT PLC	50,781.8236	19.14355%
Equity-Linked Investors, L.P.	28,721.5640	10.82735%
Equity-Linked Investors-II	28,721.5640	10.82735%
White River Corporation	26,258.3560	9.89878%
The KB Mezzanine Fund, L.P.	27,853.1980	10.50000%
Allsop Venture Partners	8,621.2280	3.25000%
Edmund Damon	189.4775	0.07143%
Estate of Robert Davis	473.6938	0.17857%
J. Jack Watson	25,600.4255	9.65076%
Richard D. Morton	6,400.1064	2.41269%
John W. Jordan, II Revocable Trust	9611.4369	3.62329%
David W. Zalaznick	9611.4369	3.62329%
Jonathan F. Boucher	7105.3627	2.67856%
John R. Lowden	4318.2656	1.62788%
Paul Rodzevick	289.1179	0.10899%
John Camp	289.1179	0.10899%
James E. Jordan	289.1179	0.10899%
Leucadia Investors, Inc.	10,755.1875	4.05445%
Adam E. Max	1,156.4718	0.43596%
Stephen B. McDonald	1387.7661	0.52316%
Heller Financial, Inc.	12,157.39506	4.58305%
Arab Banking Corporation	2,806.20016	1.05787%
Giro Credit Bank	1870.23898	0.70504%
Total	265,268.5522	100.00000%

⁽¹⁾ Assumes (a) conversion of all outstanding shares of Class B Preferred Stock into shares of Class A Common Stock, and (b) exercise of all Lender Warrants for shares of Class B Common Stock; Excludes shares of Class A Preferred Stock to be redeemed pursuant to Section?

TEMPORARY ESCROW AGREEMENT

TEMPORARY ESCROW AGREEMENT, dated as of _______, 1996, by and among, those certain individuals and/or holders of the capital stock of NEWFLO Corporation, a Delaware corporation ("NEWFLO"), listed on Schedule I hereto (the "Sellers") and TJC Management Corp. (the "Escrow Agent"). Capitalized terms used herein and not otherwise defined shall have the same meaning ascribed to such terms in that certain Stock Purchase Agreement (the "Stock Purchase Agreement"), dated as of June 28, 1996, by and among NEWFLO, the Sellers and PRECISION CASTPARTS CORP., an Oregon corporation (the "Purchaser").

RECITALS

WHEREAS, the Purchaser, NEWFLO and the Sellers have on the date hereof entered into the Stock Purchase Agreement for the sale of all of the issued and outstanding shares of Common Stock of NEWFLO, the closing with respect to which (the "Closing") is taking place concurrently herewith;

WHEREAS, the Stock Purchase Agreement provides for the delivery of One Million Dollars (\$1,000,000) (the "Escrow Amount") to the Escrow Agent at the Closing to be held subject to and applied as set forth in this Escrow Agreement; and

WHEREAS, the Escrow Agent is willing to establish an Escrow Account (as defined herein) on the terms and subject to the conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the consummation of the transactions contemplated by the Stock Purchase Agreement, and payment to the Escrow Agent of the sum of one dollar (\$1.00), and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Deposit, Delivery and Receipt of Escrow Funds. The Escrow Agent hereby acknowledges receipt of the sum of the Escrow Amount. The Escrow Amount shall be paid by the Sellers' Representative (as hereinafter defined) on behalf of the Sellers in proportion to and in accordance with the percentages set forth opposite their names in Schedule I hereto. The Escrow Amount will be used in the aggregate to provide an exclusive source of recovery for any claim for transaction fees and expenses, including all legal and other professional fees and expenses, incurred by any of NEWFLO, the Sellers' Representative or the Sellers in connection with entering into the Stock Purchase Agreement and the consummation of the transactions contemplated thereunder. The Escrow Agent

agrees to hold said Escrow Amount, together with all interest, dividends, distributions or other income or capital appreciation accumulated thereon in an escrow account (the "Escrow Account"), in accordance with the terms and conditions set forth in this Escrow Agreement.

Section 2. <u>Appointment of the Escrow Agent</u>. The parties hereto hereby appoint TJC Management Corp. to be the Escrow Agent and to hold the Escrow Amount in trust in accordance with the terms of this Escrow Agreement and the Escrow Agent accepts such appointment.

Section 3. <u>Investment of Escrow Accounts</u>; <u>Payment of Taxes</u>. (a) The Escrow Agent shall invest and reinvest the Escrow Amount in an immediately available money market account in a commercial bank or banks having at least \$100,000,000 in undivided capital and surplus.

The Escrow Agent shall maintain a ledger setting forth (i) the amount in the Escrow Account attributable to the Escrow Amount and (ii) the amount of the Escrow Account attributable to dividends, distributions, interest and other income accumulation or capital appreciation in respect of the Escrow Amount.

- (b) The Escrow Agent shall have the power to reduce, sell or liquidate the foregoing investments whenever the Escrow Agent shall be required to release all or any portion of the Escrow Account pursuant to Section 4 hereof. The Escrow Agent shall have no liability for any investment losses resulting from the investment, reinvestment, sale or liquidation of any portion of the Escrow Account, except in the case of negligence or the willful misconduct of the Escrow Agent.
- (c) For purposes of Federal and state income Taxes, the Sellers' Representative will report all income earned on the Escrow Amount. On the first business day of each calendar quarter of each year that this Escrow Agreement is in effect, the Escrow Agent shall pay to the Sellers' Representative by wire transfer in accordance with instructions set forth in Exhibit I hereto (as such instructions may be revised by written notice to the Escrow Agent), all income, dividends, distributions, interest and other income accumulation or capital appreciation earned on the Escrow Amount during the preceding quarter in order to effect such payment for Taxes. In the event the amount distributed to the Sellers' Representative is not sufficient to pay all Taxes relating to the Escrow Amount, such deficiency will be paid from the principal of the Escrow Account.

Section 4. Claims and Releases from the Escrow Account.

(a) Upon written notice to the Escrow Agent of a Determination (as defined in subparagraph (b)(iii) below), and upon delivery to the Escrow Agent of evidence in the form described in the definition of the term "Determination", the Escrow Agent shall promptly pay

the Sellers' Representative an amount from the Escrow Amount, as provided in the Determination.

- (b)(i) Upon notice from the Sellers' Representative to the Escrow Agent (containing the information set forth in <u>subparagraph (ii)</u> below), that, pursuant to <u>Section 1</u> hereof, the Sellers' Representative is asserting a claim for a transaction fee (a "Claim"), the Escrow Agent shall, if such notice sets forth the amount of such Claim, hold a portion of the principal sum of the Escrow Account equal to the amount of such Claim as set forth in such notice (or, if the amount set forth exceeds the principal sum of the Escrow Account, the entire principal in the Escrow Account) in escrow until receiving a notice of Determination of such Claim.
- (b)(ii) Notice of a Claim given to the Escrow Agent pursuant to <u>subparagraph (i)</u> above shall set forth, as applicable, the nature and details of such Claim (including all facts of which the Sellers' Representative has knowledge) and the amount of the Claim.
- (b)(iii) For the purpose of this Escrow Agreement, "Determination" shall mean written instructions signed by the Sellers' Representative setting forth a Claim for transaction fees pursuant to Section 1 hereof.
- Section 5. Settlement of Disputes. Any dispute which may arise under the Escrow Agreement with respect to the delivery and/or ownership or right of possession of the Escrow Amount or any part thereof, or the duties of the Escrow Agent hereunder, shall be settled either by mutual agreement of the parties concerned (evidenced by appropriate instructions in writing to the Escrow Agent, signed by all of the parties), by a final order, decree or judgment of any appropriate court located in the State of New York sitting in the County of New York or the federal district courts located in the Southern District of New York (the time for appeal having expired and no appeal having been perfected), each party or parties bearing its own costs and expenses with respect to the dispute; provided, however, that the Sellers shall not have the right to dispute any Claim which has been the subject of a Determination. The Escrow Agent shall be under no duty whatsoever to institute or defend any such proceedings. Prior to the settlement of any such dispute, the Escrow Agent is authorized and directed to retain in its possession, without liability to anyone, the portion of the Escrow Amount which is the subject of such dispute.
- Section 6. Compensation of the Escrow Agent. The Escrow Agent shall not be entitled to compensation for its services hereunder and shall be reimbursed for all reasonable expenses, disbursements and advances (including reasonable attorneys' fees and expenses) incurred or made by it in performance of its duties hereunder. Such reimbursements for services, disbursements, expenses and advances shall be paid by the Sellers (in accordance with Section 8 hereof) upon request by the Escrow Agent and upon submission by the Escrow Agent to the Sellers' Representative of a reasonably detailed itemized statement setting forth the amount to be reimbursed.

- Section 7. <u>Duties and Liabilities of the Escrow Agent</u>. (a) The Escrow Agent shall have no duties or responsibilities except those expressly set forth herein. The Escrow Agent may consult with counsel and shall have no liability hereunder except for its own negligence or willful misconduct. It may rely on any notice, instruction, certificate, statement, request, consent, confirmation, agreement or other instrument which it reasonably believes to be genuine and to have been signed or presented by a proper person or persons.
- (b) The Escrow Agent shall have no duties with respect to any agreement or agreements with respect to any or all of the Escrow Amount other than this Escrow Agreement. In the event that any of the terms and provisions of any other agreement (excluding those provisions of the Stock Purchase Agreement referred to herein and any amendment to this Escrow Agreement) between any of the parties hereto conflict or are inconsistent with any of the terms and provisions of this Escrow Agreement, the terms and provisions of this Escrow Agreement shall govern and control in all respects.

 Notwithstanding any provision to the contrary contained in any other agreement (excluding any amendment to this Escrow Agreement), the Escrow Agent shall have no interest in the Escrow Account except as provided in this Temporary Escrow Agreement.
- (c) So long as the Escrow Agent shall have any obligation to pay any amount to the Sellers' Representative from the Escrow Account hereunder, the Escrow Agent shall keep proper books of record and account, in which full and correct entries shall be made of all financial transactions of which the Escrow Agent shall have notice.
- (d) The Escrow Agent shall not be bound by any modification of this Escrow Agreement affecting the rights, duties and obligations of the Escrow Agent, unless such modification shall be in writing and signed by the other parties hereto, and the Escrow Agent shall have given its prior written consent thereto. The Escrow Agent shall not be bound by any other modification of this Escrow Agreement unless the Escrow Agent shall have received written notice thereof.
- (e) The Escrow Agent may resign at any time by giving written notice thereof to the other parties hereto, but such resignation shall not become effective until a successor escrow agent shall have been appointed and shall have accepted such appointment in writing.
- (f) If at any time hereafter the Escrow Agent shall resign, be removed, be dissolved or otherwise become incapable of acting, or the bank or trust company acting as the Escrow Agent shall be taken over by any government official, agency, department or board, or the position of the Escrow Agent shall become vacant for any of the foregoing reasons or for any other reason, the Sellers' Representative shall as soon as reasonably possible appoint a successor escrow agent to fill such vacancy.
- (g) Every successor escrow agent appointed hereunder shall execute, acknowledge and deliver to its predecessor, and also to the Sellers' Representative, an instrument in

writing accepting such appointment hereunder, and thereupon such successor escrow agent, without any further act, shall become fully vested with all the rights, immunities and powers and shall be subject to all of the duties and obligations, of its predecessor; and every predecessor escrow agent shall deliver all property and moneys held by it hereunder to its successor.

Section 8. <u>Payment by the Sellers</u>. The obligation of the Sellers to pay the expenses referred to in <u>Sections 5</u>, <u>6</u>, <u>9</u>, and <u>10</u> hereof shall be paid from the investment earnings of the Escrow Amount. If earnings on the Escrow Amount are insufficient, then the expenses due shall be allocated among the Sellers in proportion to and in accordance with the percentages set forth opposite their names in <u>Schedule A</u> hereto.

Section 9. <u>Indemnification</u>. The Sellers shall indemnify and hold the Escrow Agent harmless from and against any and all expenses (including reasonable attorneys' fees), liabilities, claims, damages, actions, suits or other charges ("<u>Agent Claims</u>") incurred by or assessed against the Escrow Agent for anything done or omitted by the Escrow Agent in the performance of the Escrow Agent's duties hereunder, except such which result from the Escrow Agent's negligence or willful misconduct. Any Agent Claims payable hereunder shall be paid by the Sellers (in accordance with <u>Section 8</u> hereof). The indemnity shall survive the resignation of the Escrow Agent or the termination of this Temporary Escrow Agreement.

Section 10. Power of Attorney. The individual Sellers hereby appoint TJC Management Corp. or its duly appointed representative to serve as the undersigned's agent and attorney-in-fact (the "Sellers' Representative"), with full power and authority (including power of substitution), in the name of and for and on behalf of each of the undersigned Sellers, or in its own name as Sellers' Representative, to take all actions required or permitted under this Temporary Escrow Agreement, and under all other agreements contemplated hereby, including the giving and receiving of all accountings, reports, notices and consents and the signing of all certificates, notices, instructions and other documents and making all determinations hereunder and thereunder. The authority conferred hereby shall be an agency coupled with an interest, and all authority conferred hereby is irrevocable and not subject to termination by the undersigned Sellers (or any of them), or by operation of law, whether by the death or incapacity of the Seller, or the occurrence of any other event. If any undersigned Seller should die or become incapacitated or if any other such event should occur, any action taken by the Sellers' Representative shall be as valid as if such death or incapacity, termination or other event had not occurred, regardless of whether or not the Sellers' Representative or any other party hereto or to any other agreement contemplated hereby shall have received notice of such death, incapacity, termination or other event. Any notice given to the Sellers' Representative shall constitute effective notice to each of the undersigned Sellers, and any other party to this Temporary Escrow Agreement or any other Person may rely on any notice, consent, election or other communication received from the Sellers' Representative as if such notice, consent, election or other communication had been

received from each of the undersigned Sellers. With respect to all matters relating to the Sellers arising hereunder, the Escrow Agent shall be required to deal only with the Sellers' Representative, and the decision of such Representative with respect to any matter shall be binding on all of the Sellers. The Sellers' Representatives may rely on any notice, instruction, certificate or other instrument which it believes to be genuine and to have been signed or presented by a proper person or persons.

The Sellers hereby agree to bear the reasonable charges of the Sellers' Representative, including reimbursement for out-of-pocket expenses and other costs, and such attorneys' fees, expenses and other costs as may be incurred by the Sellers' Representative in connection with the administration of the provisions of this Temporary Escrow Agreement.

The Sellers' Representative cannot resign or be removed by the Sellers or NEWFLO, respectively, except upon delivery to Purchaser of a written instrument signed by the successor Sellers' Representative and by NEWFLO or by the Sellers (or their successors in interest) having a majority of the Ownership Percentage, as the case may be, in which the successor Sellers' Representative agrees to serve as the Sellers' Representative and NEWFLO or said Sellers consent thereto.

The Sellers' Representative shall have no duties or responsibilities except those expressly set forth herein. The Sellers' Representatives shall be held harmless by the Sellers from any liability, loss, claim, demand or expense (including attorney's fees and expenses) arising out of or in connection with the performance of its obligations in accordance with this Temporary Escrow Agreement, except for any of the foregoing arising out of the gross negligence or willful misconduct of the Sellers' Representative. The foregoing provision shall survive the resignation or substitution of the Sellers' Representative or the termination of this Temporary Escrow Agreement.

Section 11. <u>Termination of Escrow Account</u>. The Escrow Agreement shall terminate upon the first to occur of the following: (i) the date of the distribution of the entire balance of the Escrow Account pursuant to <u>Section 4</u> hereof or (ii) the date which is one-hundred eight (180) days after the Closing Date, except with respect to any pending Claim filed prior to such date, in which event this Escrow Agreement shall terminate upon resolution of all such Claims. Upon such termination, the balance (if any) of the Escrow Amount shall be returned to the Sellers in proportion to and in accordance with the percentages set forth opposite their names in <u>Schedule I</u> hereto.

Section 12. Notices. All notices under this Escrow Agreement shall be in writing and shall be deemed to have been delivered, given and received, (i) if personally sent or sent by telegram, when received at the address for the applicable person set forth below, (ii) on the date of acknowledgement or receipt if sent by telex, facsimile or other wire transmission, (iii) if sent by an express courier service, on the first business day following the date on which the notice is deposited with such courier service for next business day delivery or (iv)

three days after being deposited in the U.S. mail, certified or registered mail, postage prepaid, as follows:

If to Sellers' Representative:

TJC Management Corp.

9 West 57th Street
New York, New York
Telephone: (212) 572-0817

Facsimile: (212) 755-5263

with a copy to:

Mayer, Brown & Platt

1675 Broadway Suite 1900

New York City, New York 10019

Attention: James B. Carlson

Telephone: (212) 506-2515 Facsimile: (212) 262-1910

If to the Escrow Agent:

TJC Management Corp.

9 West 57th Street
New York, New York

Telephone: (212) 572-0817 Facsimile: (212) 755-5263

or to such other person or address as any party shall designate in writing to the other parties.

Section 13. <u>Successors and Assigns</u>. The Escrow Agreement shall be binding upon and shall inure to the benefit of the parties thereto and their respective successors, assigns and legal representatives; <u>provided</u>, <u>however</u>, that the Escrow Agent may not assign this Escrow Agreement or delegate any of its duties hereunder without the prior written approval of the Sellers' Representative, which approval shall be granted or denied in their sole discretion, acting jointly.

Section 14. <u>Integration</u>, etc. This Escrow Agreement and all other agreements executed in connection therewith shall supersede all previous negotiations, commitments and writings with respect to the subject matter hereof and thereof. This Escrow Agreement may not be released, discharged, abandoned, changed or modified in any manner, except by an

instrument in writing signed on behalf of each of the parties thereto by their duly authorized officers or representatives. The failure of any party hereto to enforce at any time any provision shall not in any way affect the validity of this Escrow Agreement or any part thereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Escrow Agreement shall be held to be a waiver of any other or subsequent breach.

Section 15. <u>Counterparts</u>. This Escrow Agreement may be executed in one or more counterparts, each of which shall constitute an original, and all collectively shall constitute but one instrument.

Section 16. <u>Law Governing</u>. This Temporary Escrow Agreement shall be governed by and construed in accordance with the laws of the State of New York without giving effect to principles of conflict of laws. Any action brought hereunder, unless otherwise specified herein, shall be brought in the courts of the State of New York sitting in the County of New York or the federal district courts located in the Southern District of New York, and the parties to this Escrow Agreement hereby irrevocably consent to the jurisdiction of such courts.

Section 17. <u>Further Assurances</u>. At any time and from time to time after the date hereof, the parties hereto shall at the request of the other and at such other party's expense, execute and deliver any further instruments or documents and take all such further action as such party reasonably may request in order to consummate and make effective the transactions contemplated hereby.

Section 18. Specific Performance. If any party refuses to comply with, or at any time violates or attempts to violate, any term, covenant or agreement contained in this Escrow Agreement, any other party hereto may, by injunctive action, compel the defaulting party to comply with, or refrain from violating, such term, covenant or agreement, and may, by injunctive action, compel specific performance of the obligations of the defaulting party.

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be duly executed as of the day and year first above written.

SELL	ERS:
MCIT	PLC
By:	
	Name:Title:
EQUI	TY-LINKED INVESTORS, L.P.
Ву: _	Name:
	Name:
EQUI	TY-LINKED INVESTORS-II
Ву: _	
	Name:
WHIT	E RIVER CORPORATION
Ву: _	
	Name:
THE I	KB MEZZANINE FUND, L.P.
Ву: _	
	Name:

ALLSOP VENTURE PARTNERS

Ву:		
	Name:	
	Title:	
×		
Name:	Edmund Damon	
Name:	Estate of Robert Davis	
Name:	J. Jack Watson	
Name:	Richard D. Morton	
Name:	John W. Jordan, II Revocable Trust	
Name:	David W. Zalaznick	
Name:	Jonathan F. Boucher	
Name:	John R. Lowden	

Name:	Paul Rodzevick
Name:	John Camp
Name:	James E. Jordan
Name:	Adam E. Max
Name:	Stephen B. McDonald
LEUCA	DIA INVESTORS, INC.
By:	Name: Γitle:
HELLE	R FINANCIAL, INC.
By:	Name: Γitle:
GIRO C	CREDIT BANK
Ву:	Name:

By:_____

Name: Title:

ESCROW AGENT:

SCHEDULE I

Callera	Shares of Common Stock Owned ⁽¹⁾	Ownership Percentage
<u>Sellers</u>	Minds and the second se	19.14355%
MCIT PLC	50,781.8236	
Equity-Linked Investors, L.P.	28,721.5640	10.82735%
Equity-Linked Investors-II	28,721.5640	10.82735%
White River Corporation	26,258.3560	9.89878%
The KB Mezzanine Fund, L.P.	27,853.1980	10.50000%
Allsop Venture Partners	8,621.2280	3.25000%
Edmund Damon	189.4775	0.07143%
Estate of Robert Davis	473.6938	0.17857%
J. Jack Watson	25,600.4255	9.65076%
Richard D. Morton	6,400.1064	2.41269%
John W. Jordan, II Revocable Trust	9611.4369	3.62329%
David W. Zalaznick	9611.4369	3.62329%
Jonathan F. Boucher	7105.3627	2.67856%
John R. Lowden	4318.2656	1.62788%
Paul Rodzevick	289.1179	0.10899%
John Camp	289.1179	0.10899%
James E. Jordan	289.1179	0.10899%
Leucadia Investors, Inc.	10,755.1875	4.05445%
Adam E. Max	1,156.4718	0.43596%
Stephen B. McDonald	1387.7661	0.52316%
Heller Financial, Inc.	12,157.39506	4.58305%
Arab Banking Corporation	2,806.20016	1.05787%
Giro Credit Bank	1870.23898	0.70504%
Total	265,268.5522	100.00000%

⁽¹⁾ Assumes (a) conversion of all outstanding shares of Class B Preferred Stock into shares of Class A Common Stock, and (b) exercise of all Lender Warrants for shares of Class B Common Stock; Excludes shares of Class A Preferred Stock to be redeemed pursuant to Section?

MAYER, BROWN & PLATT

1675 BROADWAY

NEW YORK, NEW YORK 10019-5820

212-506-2500 FACSIMILE 212-262-1910

RLIN RUSSELS HOUSTON LONDON LOS ANGELES WASHINGTON MEXICO CITY CORRESPONDENT JAUREGUI, NAVARRETE, NADER Y ROJAS

(212) 506-2553

July 26, 1996

VIA AIR COURIER

William D. Larsson Precision Castparts Corp. 4600 SE Harney Drive Portland, Oregon 97206

Ruth A. Beyer Stoel Rives LLP 900 SW Fifth Avenue, Suite 2300 Portland, Oregon 97204

Re: NEWFLO Corporation

To the above named persons:

Pursuant to Section 6.7 of the Stock Purchase Agreement, dated as of June 28, 1996, among NEWFLO Corporation, Precision Castparts Corp. and the Sellers named therein (the "Agreement"), on behalf of NEWFLO Corporation, I have enclosed additional revised pages of the Disclosure Schedule to the Agreement which have been marked to reflect all supplements made to the Disclosure Schedules since June 28, 1996. Please feel free to contact me or Jack Watson at NEWFLO with any questions regarding the enclosed.

Very truly yours,

Kathleen A. Walsh

enclosures

J. Jack Watson (w/out encl.) Richard D. Morton (w/out encl.) John D. Lilla (w/out encl.) Kathleen Mathews (w/out encl.) Jonathan F. Boucher (w/out encl.) James B. Carlson (w/out encl.)

36192434

DISCLOSURE SCHEDULE

Any information disclosed in one schedule, exhibit or annex hereto shall be deemed to be disclosed in this Agreement.

All information disclosed to Purchaser in the Company's dataroom listed on the attached index shall be deemed disclosed in this Agreement and are incorporated herein.

Data Room index attached hereto.

- 25. ENSR Report dated September, 1993 on the acquisition of H&H Valve Company titled [NEWFLO] Corporation Environmental Due Diligence Examination of H&H Valve Company;
- 26. Due Diligence Library Section C Legal, Volume titled V. Environmental, Health & Safety Matters;
- 27. MSDS's on materials used for sandblast purposes;
- 28. United States Environmental Protection Agency (EPA) letter to Johnston Pump/General Valve, Inc. dated January 24, 1995 on the subject of "Responsibility for Clean Up of Groundwater Contamination at the Baldwin Park Operable Unit, San Gabriel Valley Area Two Superfund Site";
- 29. All correspondence, memos and notes to, from and between, ENSR, Jonas and Associates, Earth Tech, Environmental Methods, A.J. Kennard, Mark Jonas, governmental agencies, Weatherford Enterra, officers and employees of NEWFLO Corporation and all its Subsidiaries, regarding any matters involving environmental matters, between the dates of April 1, 1995 through June 4, 1996, as made available for review by David Murray, Manager of Environmental Affairs for Precision Castparts Corp.
- 30. Environmental Methods Report dated June 10, 1996; Annual Facility Storm Water Report & Annual Facility and Subcontractor Audit for Johnston Pump Service Center, Pomona, CA.
- 31. Environmental Methods Report dated June 10, 1996; Annual Facility Storm Water Report & Annual Facility and Subcontractor Audit for PACO Pumps Service Center, Commerce, CA.
- 32. Jonas and Associates Groundwater Monitoring Report for PACO Pumps, Location at 9201, San Leandro St. Oakland, CA, Report dated July 2, 1996.



PURCHASE AND SALE AGREEMENT



among

Precision Castparts Corp.
PCC Flow Technologies Holdings, Inc.
PCC Flow Technologies LP

and

Sulzer US Holding Inc.

Dated September 24, 2004

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DEFINITIONS

- "AAA" has the meaning given in Section 9.09.
- "Accounting Principles" means the financial accounting principles, practices and procedures used by Sellers in preparing the Peg Statement (including the Corporate Adjustments).
 - "Acquired Company" means PCC Flow Technologies, (Wuxi) Co., Ltd.
 - "Adjustment Amount" has the meaning given in Section 1.06(ix).
- "Affiliate" means any corporation, partnership, association or limited liability company that directly or indirectly controls, is controlled by or is under common control with the entity specified. For the purposes of this Agreement, "control," when used with respect to any Person, means the possession, directly or indirectly, of the power to (a) vote 50% or more of the securities having ordinary voting power for the election of directors (or comparable positions) of such Person or (b) direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.
- "Affiliated Group" means any affiliated group in which any one or more of the Sellers is a member within the meaning of Code Section 1504(a) or any similar group defined under a similar provision of state, local, or foreign law.
 - "Aftermarket Location" has the meaning given in Section 3.24.
 - "Aftermarket Services" has the meaning given in Section 3.24.
- "Agreement" means this Purchase and Sale Agreement, including all exhibits and schedules attached hereto, among PCC, Holdings, Flow LP and Buyer.
- "Ancillary Agreements" means each of the Assumption Agreement, the Transition Services Agreement, the Equity Transfer Agreement and all instruments, certificates, bills of sale and other agreements entered into by PCC, any Seller, Buyer or a Permitted Assignee in connection with the consummation of the transactions contemplated by this Agreement.
- "Asbestos Claim" means any allegation, demand, Legal Proceeding or Order related to Asbestos Liability.
- "Asbestos Liability" means any Losses arising out of or attributable to (i) the actual or alleged exposure of any Person to asbestos, silica, asbestos-containing materials or similarly harmful substances (provided that the exposure to the similarly harmful substances is alleged in the same Asbestos Claim as the actual or alleged exposure to asbestos or silica), as a result of the manufacture, marketing, sale or distribution by the Business prior to Closing of any product containing asbestos or silica or (ii) actual or alleged personal injuries asserted by a Person resulting from the existence, operation, maintenance, removal or disposal of any asbestos-containing materials or silica present at any Real Property or present at any other real property

formerly owned, leased or occupied by the Acquired Company or Flow LP during the period of ownership, lease or occupancy by the Acquired Company or Flow LP (or any of their respective Predecessors), to the extent that a workers' compensation program does not apply to such Person's injuries.

"Assets" has the meaning given in Section 1.01.

"Assumed Liabilities" has the meaning given in Section 1.08.

"Assumption Agreement" has the meaning given in Section 1.08.

"Audited Financial Statements" has the meaning given in Section 3.14(i)

"Bonus Amounts" has the meaning given in Section 4.07(iv).

"Bonus Plan" has the meaning given in Section 4.07(iv).

"Brookshire Property" means the land and improvements located at 800 Koomey Road, Brookshire, Texas.

"Business" means (i) the pumps business operated by Flow LP consisting of the businesses operated as Johnston Pump (a manufacturer of vertical pumps for the power and water markets), Crown Pump (a line of off-the-shelf standardized heavy-duty submersible vertical pumps) and Paco Pumps (a manufacturer of horizontal pumps primarily for the HVAC market) and (ii) the business operated by the Acquired Company.

"Business Day" means any day except a Saturday, Sunday or U.S. Federal Reserve Bank holiday.

"Buyer" means US Sulzer Holding Inc., a Delaware corporation and, subsequent to any assignment pursuant to Section 9.01, shall include the relevant Permitted Assignees.

"Buyer's Indemnified Persons" has the meaning given in Section 8.02.

"Cap" has the meaning given in Section 8.04(ii)(h).

"Closing" has the meaning given in Section 1.04.

"Closing Date" has the meaning given in Section 1.04.

"Closing Date Net Assets" has the meaning given in Section 1.06(ii).

"Code" has the meaning given in Section 3.08(ii)(c).

"Commitment" has the meaning given in Section 4.14(iv).

"Competing Activity" has the meaning given in Section 4.20(i).

"Confidentiality Agreement" means the Confidentiality Agreement executed by PCC and Buyer, dated May 24, 2004.

"Contaminants" means (i) any hazardous, toxic, noxious or radioactive substance, material, pollutant or waste that is defined, listed or regulated under Environmental Laws, (ii) petroleum hydrocarbons and any degradation product of a petroleum hydrocarbon, (iii) polychlorinated biphenyls or (iv) any other substance, material, pollutant or waste, the generation, recycling, use, treatment, storage, transportation, Release, disposal or exposure of or to which is subject to regulation under any Environmental Law. "Contaminants" as defined herein does not include asbestos or silica.

"Contamination" means the presence of Contaminants that requires removal or remedial action under Environmental Laws.

"Contract" means any contract, agreement, indenture, note, bond, guaranty, loan, instrument, lease, commitment or other arrangement or agreement.

"Copyrights" means copyrights, copyright registrations and applications therefor and other rights corresponding thereto throughout the world.

"Corporate Adjustments" means the assets and liabilities related to the Business that are carried on the books and records of PCC (for example, warranty reserves) that are of the type reflected in the Financial Statements, but excluding deferred Tax assets and liabilities.

"Current Balance Sheet" has the meaning given in Section 3.14(i).

"De Minimis Amount" has the meaning given in Section 8.04(ii)(f).

"Deductible" has the meaning given in Section 8.04(ii)(g).

"Dollars" means U.S. dollars.

"Environmental Laws" means (i) any applicable Law in effect on the Closing Date pertaining to the protection of the environment and (ii) any federal or state law in effect on the Closing Date pertaining to natural resources damages, and any applicable Orders, permits, licenses or other authorizations or mandates under such Laws, including Laws relating to the Release into the environment of any Contaminants.

"Environmental Losses" has the meaning given in Section 8.04(ii)(i).

"Equity Transfer Agreement" means the supplemental agreement for sale of the Shares substantially in the form of Exhibit D.

"ERISA" has the meaning given in Section 3.08(ii)(a).

"ERISA Affiliate" means any entity that, together with the Acquired Company or Flow LP, would be considered a single employer on the day prior to the Closing Date within the meaning of Section 4001 of ERISA or Section 414 of the Code.

- "ERISA Pension Plans" has the meaning given in Section 3.08(ii)(a).
- "ERISA Plans" has the meaning given in Section 3.08(ii)(a).
- "ERISA Welfare Benefit Plans" has the meaning given in Section 3.08(ii)(a).
- "Excluded Assets" has the meaning given in Section 1.10.
- "Excluded Liabilities" has the meaning given in Section 1.09.
- "Final Closing Statement" has the meaning given in Section 1.06(v).
- "Final Purchase Price" has the meaning given in Section 1.03.
- "Financial Statements" has the meaning given in Section 3.14(i).
- "Finished Goods" means products of the Business which have been completed, tested and transferred into finished goods inventory on the records of Flow LP and the Acquired Company, as evidenced by the serial number listing of finished goods inventory on the Closing Date.
 - "Flow LP" means PCC Flow Technologies LP, a Delaware limited partnership, a Seller.
 - "Foreign Plans" has the meaning given in Section 3.08(ii)(e).
- "Foreign Registered Intellectual Property Rights" means, to the extent pertaining to, relating to or used in the Business, international and foreign (i) Patents, (ii) Trademarks and (iii) Copyrights.
 - "Governmental Approvals" has the meaning given in Section 2.03.
- "Governmental Body" means any government or governmental or regulatory body thereof, or political subdivision thereof, whether federal, state, local or foreign, or any agency, instrumentality or authority thereof, or any court.
- "Historical Records" means all of the following that relate to the Business and that were created prior to January 1, 1990, regardless of medium and format: all sales, manufacturing and purchase records, drawings, specifications, repair and warranty records, manuals, catalogues, any medical and scientific literature; all documents relating to customers, vendors and trade or industry associations; all advertising and marketing materials, plans and analyses; all corporate and personnel records and any other business and financial records, files, books and documents.
- "<u>Holdings</u>" means PCC Flow Technologies Holdings, Inc., a Delaware corporation, a Seller.
- "Income Tax Return" means any Return relating to (i) any Tax imposed on or measured by income or (ii) any franchise Taxes, other than franchise Taxes payable in connection with corporate formation or maintenance.

"Indebtedness" of any Person means (i) all liabilities and obligations of such Person for borrowed money or evidenced by notes, bonds or similar instruments, (ii) obligations in respect of the deferred purchase price of property or services (other than current trade liabilities incurred in the ordinary course of business), (iii) obligations in respect of capitalized leases (which are properly classified as "capital leases" in accordance with U.S. GAAP), (iv) obligations in respect of letters of credit, acceptances or similar obligations (v) all obligations of a Person which would be required to be shown as indebtedness on a balance sheet of such Person prepared in accordance with U.S. GAAP and (vi) any guarantee of the obligations of another Person with respect to any of the foregoing (for the avoidance of doubt, this definition of Indebtedness does not include guarantees issued in respect of ordinary course performance obligations in connection with commercial contracts).

"Indemnified Party" has the meaning given in Section 8.04(i)(a).

"Indemnitor" has the meaning given in Section 8.04(i)(a).

"Initial Purchase Price" has the meaning given in Section 1.03.

"Intellectual Property" means any and all U.S. and foreign (i) trademarks, service marks, trade names (including corporate names but excluding any corporate name, trade name or trademark that includes "PCC" or "Precision Castparts"), trade dress, domain names, copyrights, and similar rights including registrations and applications to register or renew the registration of any of the foregoing, (ii) Patents (including design patents, industrial designs and utility models) and Patent applications (including docketed patent disclosures awaiting filing, reissues, revisions, divisions, continuations, continuations-in-part, extensions and re-examinations), Patent disclosures awaiting filing determination, and improvements thereto, and inventions (whether patentable or unpatentable and whether or not reduced to practice), and improvements thereto, (iii) processes, designs, formulae, trade secrets, know-how and other confidential or proprietary technical, business and other information (including drawings, specifications, designs and plans), ideas, research and development, manufacturing and production processes and techniques, technical data, copyrightable works and engineering notebooks, (iv) Software, firmware, internet web sites, mask works and other semiconductor chip rights and applications, registrations and renewals thereof, and all similar intellectual property rights (including moral rights) and (v) all rights to sue for and remedies against past, present and future infringements of any or all of the foregoing and rights of priority and protection of interests therein under the Laws of any jurisdiction, tangible embodiments of any of the foregoing (in any medium including electronic media) and licenses of any of the foregoing.

"Intellectual Property Assets" means all Intellectual Property, and all rights thereunder or in respect thereof, and all tangible embodiments thereof.

"Interest" means an annual rate of interest equal to the prime rate published in The Wall Street Journal (National Edition) as the "Prime Rate" from time to time (or, if more than one rate is published, the arithmetic mean of such rates), in either case determined as of the date the obligation to pay interest arises, but in no event in excess of the maximum interest rate permitted by applicable Law.

"Intercompany Payables" means, as of a specified date, amounts owed by the Acquired Company or Flow LP with respect to the Business to PCC or any of its Affiliates (other than the Acquired Company or Flow LP with respect to the Business).

"Intercompany Receivables" means, as of a specified date, amounts owed by PCC and each of its Affiliates (other than the Acquired Company or Flow LP with respect to the Business) to the Acquired Company or Flow LP with respect to the Business.

"Intercompany Trade Payables" means Intercompany Payables arising out of the purchase or sale of finished goods, components or raw materials, but excluding those outstanding for more than 60 days.

"Intercompany Trade Receivables" means Intercompany Receivables arising out of the purchase or sale of finished goods, components or raw materials, but excluding those outstanding for more than 60 days.

"Interim Financial Statements" has the meaning given in Section 3.14(i).

"Inventories" has the meaning given in Section 1.01(ii).

"Law" or "Laws" means any federal, state, local or foreign law (including common law), statute, code, ordinance, rule or regulation.

"Leased Real Property" has the meaning given in Section 3.09(ii).

"Legal Proceeding" means any judicial, administrative or arbitral actions, suits, proceedings (public or private), claims or governmental proceedings.

"Letters of Credit" has the meaning given in Section 4.14(i).

"Licensed Intellectual Property" has the meaning given in Section 3.19(i).

"Licensed Software" has the meaning given in Section 3.19(iv).

"Lien" means any lien, pledge, mortgage, deed of trust, security interest, claim, charge or encumbrance or similar restriction or limitation.

"<u>Litigation Reserve</u>" means the aggregate amount of the reserves for Scheduled Legal Proceedings reflected on the Final Closing Statement which amount is \$950,000 as of August 31, 2004.

"Losses" has the meaning given in Section 8.02.

"Material Adverse Change" means any aggregate change in the Business that is or is reasonably likely to be materially adverse to the assets, financial condition or results of operations of the Business taken as a whole, provided, however, that the following shall be disregarded in determining whether a Material Adverse Change has occurred: (i) a change in the U.S. economy or the international economy, (ii) a circumstance or event that generally affects

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the industries in which the Business operates and does not affect the Business in a materially disproportionate manner from the industry or (iii) a change caused by an act of war, sabotage or terrorism, military action or escalation thereof to the extent it does not physically damage the facilities of the Business.

"Material Adverse Effect" means any circumstance or effect on the Business that is or is reasonably likely to be materially adverse to the assets, financial condition or results of operations of the Business.

"Material Contracts" has the meaning given in Section 3.10.

"Multiemployer Plan" has the meaning given in Section 3.08(ii)(a).

"Net Assets" means the (a) total current assets of the Acquired Company and Flow LP with respect to the Business, (b) less total current liabilities of the Acquired Company and Flow LP with respect to the Business, in each case of the types which would be required under U.S. GAAP to be reflected on the Current Balance Sheet, but excluding (i) Excluded Assets and Excluded Liabilities; (ii) Intercompany Receivables and Intercompany Payables (other than Intercompany Trade Receivables and Intercompany Trade Payables, which shall be included in Net Assets); and (iii) deferred Tax assets and liabilities.

"Newman's" means the business of buying and selling, and modifying and selling, gate, globe, check and ball valves for industrial applications formerly operated by Flow LP and by Newman's Valve Limited.

"Non-ERISA U.S. Plans" has the meaning given in Section 3.08(ii)(a).

"Objection Notice" has the meaning given in Section 1.06(iv).

"Order" means any order, injunction, judgment, decree, ruling, writ or arbitration award.

"Owned Real Property" has the meaning given in Section 3.09(i).

"Owned Software" has the meaning given in Section 3.19(iv).

"Paco/Johnston/Wuxi Business" has the meaning given in Section 3.14.

"Participants" has the meaning given in Section 4.07(iv).

"Patents" means U.S. and foreign patents and applications therefor and all reissues, divisions, re-examinations, renewals, extensions, provisionals, continuations and continuations-in-part thereof and equivalent or similar rights in inventions and discoveries.

"PBGC" means the Pension Benefit Guaranty Corporation.

"PCC" means Precision Castparts Corp., an Oregon corporation, the direct or indirect parent company of the Sellers.

"Peg Date" has the meaning given in Section 1.06.

"Peg Net Assets" has the meaning given in Section 1.06(i).

"Peg Statement" has the meaning given in Section 1.06(i).

"Permits" has the meaning given in Section 3.16.

"Permitted Assignees" means an Affiliate of Buyer to which Buyer assigns rights and obligations under this Agreement pursuant to the terms set forth in Section 9.01.

"Permitted Liens" means (i) Liens disclosed on Schedule 3.09(iv), (ii) Liens for Taxes not yet due or being contested in good faith (and, in either case, for which adequate accruals, liabilities or reserves have been established on the Current Balance Sheet or the Closing Balance Sheet), (iii) mechanics', carriers', workers' and other similar Liens arising in the ordinary course of business, and (iv) Liens that do not or could not reasonably be expected to materially and adversely affect the current use of the property subject thereto.

"Person" means any individual, corporation (including any nonprofit corporation), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization or other entity or governmental body.

"Postretirement Welfare Benefits" has the meaning given in Section 1.09(vi).

"Pre-Closing Environmental Liability" has the meaning given in Section 8.02(vii).

"Pre-Closing Tax Period" has the meaning given in Section 4.12(i)(a).

"Predecessor" means an entity to which an Acquired Company or Flow LP is a successor-in-interest by operation of law, merger, liquidation, conversion or consolidation.

"Preliminary Closing Statement" has the meaning given in Section 1.06(ii).

"Portland Property" means the land, buildings and improvements located at 2551 N.W. 30th Street, Portland, Oregon.

"Products Liability - Buyer" means bodily injury or property damage and all losses, liabilities, costs and expenses (including reasonable attorney's fees) associated therewith (including consequential damages) (a) caused by goods or products which have not become Finished Goods on the Business Day prior to the Closing Date, (b) caused by goods or products (other than Finished Goods) which are manufactured or shipped after the Closing Date, (c) occurring after the 15th anniversary of the Closing Date caused by goods or products which become Finished Goods on or before the Closing Date or (d) occurring after the Closing Date caused by service or repair work performed by the Business after the Closing Date.

"Products Liability - Sellers" means bodily injury or property damage and all losses, liabilities, costs and expenses (including reasonable attorney's fees) associated therewith (including consequential damages) occurring on or before the 15th anniversary of the Closing Date caused by goods or products which become Finished Goods or are shipped by the Business on or before the Closing Date; provided that "Products Liability - Sellers" shall not include any

such liabilities, costs and expenses to the extent caused by damage to Finished Goods by Buyer after the Closing Date or caused by service or repair work performed by the Business after the Closing Date.

"Pumps Employees" has the meaning given in Section 4.07(i).

"Real Property" has the meaning given in Section 3.09(ii).

"Release" means any release, spill, emission, discharge, leaking, deposit, disposal, dispersal, leaching or migration into the environment (including ambient air, surface water, groundwater, sediment and surface or subsurface strata) or into or out of any property, including the movement of Contaminants through or in the air, soil, surface water, groundwater or property.

"Response Action" means any investigation, removal, monitoring, remedial or other response action relating to the presence or Release of Contaminants.

"Retained Rights" means any and all rights, whether known or unknown, including all rights of recovery, benefit of insurance or recourse rights against any third parties, including, but not by way of limitation, against any of the Sellers' or the Acquired Company's predecessors in interest to the stock or assets of the Business, for indemnity or other claims of reimbursement or contribution arising from or related to the Asbestos Liability, Products Liability - Sellers and any other Excluded Liability or Excluded Asset, whether such rights arise under contract, by statute, under common law or by equitable remedies.

"Return" means any return, declaration, report, information return, election, claim for refund or other statement or form relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"Sacramento Lease" has the meaning given in Section 4.24.

"Sale Approval Process" has the meaning given in Section 1.02(ii).

"Scheduled Legal Proceedings" means all Legal Proceedings listed on Schedules 3.06(a) and 3.06(b).

"Sellers" means Holdings and Flow LP.

"Sellers' Indemnified Persons" has the meaning given in Section 8.03.

"Sellers' Knowledge" means the actual knowledge, after due inquiry, of any of the following persons: Wayne Robbins, George Siller, John Lilla, Peter Eichler, William Larsson, Roger Cooke, Gregory Delaney, John Rice, Jim Kinneary, Jack O'Connor, Jerry Johnston, Carl Hsaio, Danny Hunt, Debbie Marshall, Peter Hague, Mark Brown, Lori Hardin, Mark Hayes, Jerry Waggoner, John Olson, Brian Blackman and Jerry Harrelson.

"Severance Period" has the meaning given in Section 4.07(viii).

"Shared Assets and Services" has the meaning given in Section 4.09.

"Shares" means all of the outstanding shares of capital stock or ownership interests of PCC Flow Technologies (Wuxi) Co., Ltd., the Acquired Company.

"Software" means all computer software, including application software and system software, including all source code and object code versions thereof, in any and all forms and media, whether recorded on paper, magnetic media or other electronic or non-electronic media (including data and related documentation, user manuals, training materials, flow charts, diagrams, descriptive tests and programs, computer print-outs, underlying tapes, computer databases and similar items), integrated circuits, embedded systems and other electromechanical or processor based systems.

"Straddle Period" has the meaning given in Section 4.12(i)(c).

"Straddle Period Returns" means Returns for Straddle Periods.

"Subject Shares" has the meaning given in Section 1.02(ii).

"Tax" or "Taxes" means any and all taxes, fees, levies, duties, tariffs, imposts and charges of any kind imposed by a Governmental Body (including, without limitation, federal, state, local, and foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, capital stock, franchise, profits, withholding, social security, unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated or other Tax), whether computed on a separate or consolidated, unitary or combined basis or in any other manner, including any interest, penalty or addition thereto, whether or not disputed and including any obligation to indemnify or otherwise assume or succeed to the Tax liability of any other Person.

"Third Party Claims" has the meaning given in Section 8.05(i)(a).

"Trademarks" means trade names, logos, common law trademarks and service marks, trademark and service mark registrations and applications therefor, including intent-to-use applications, and goodwill associated therewith throughout the world.

"Transition Services Agreements" means the Transition Services Agreement, the Transition Software and Data Support Agreement and the Employee Benefits Transition Agreement, in form and substance reasonably satisfactory to Buyer and Sellers with reference to the Term Sheets attached as Exhibits A, B and C, respectively, to be entered into at Closing among Sellers or Affiliates of Sellers (other than the Acquired Company), on the one hand, and Buyer or its Affiliates, on the other hand, relating to the provision of certain transition services.

"Unaudited Year End Financial Statements" has the meaning given in Section 3.14(i).

"Unrelated Accounting Firm" has the meaning given in Section 1.06(viii).

"<u>U.S.</u>" means the United States of America.

- "U.S. GAAP" means U.S. generally accepted accounting principles, consistently applied.
- "U.S. Plans" has the meaning given in Section 3.08(ii)(a).
- "U.S. Registered Intellectual Property Rights" means, to the extent pertaining to, relating to or used in the Business, U.S. (i) Patents, (ii) Trademarks and (iii) Copyrights.
- "Valves Business" means the valves business operated by Sellers, PCC and certain of their Affiliates consisting of the businesses operated as General Valve, PCC Ball Valve, AOP, Sterom, Eurovalve and PCC Valves and Controls (which design, manufacture and sell gate, ball and butterfly valves and wellhead components, principally for the hydrocarbon and water markets) and by C.W. Valves Services Co., Inc.
 - "Vehicle Leases" has the meaning given in Section 4.15.
 - "WARN" has the meaning given in Section 4.07(ii).

PURCHASE AND SALE AGREEMENT

Dated:

September 24, 2004

Between:

Precision Castparts Corp. Attn: William D. Larsson

Senior Vice President and Chief Financial

Officer

4650 SW Macadam, Suite 440 Portland, Oregon, USA 97239 Facsimile: (503) 417-4817

"PCC"

PCC Flow Technologies Holdings, Inc.

Attn: William D. Larsson

Senior Vice President and Chief Financial

Officer

4650 SW Macadam, Suite 440 Portland, Oregon, USA 97239 Facsimile: (503) 417-4817

"Holdings"

PCC Flow Technologies LP

Attn: William D. Larsson

Senior Vice President and Chief Financial

Officer

4650 SW Macadam, Suite 440 Portland, Oregon, USA 97239 Facsimile: (503) 417-4817 "Flow LP"
(Holdings and Flow LP are together, "Sellers")

And:

Sulzer US Holding Inc.

Attn: Urs Rathgeb

President

555 Fifth Avenue, 15th Floor New York, NY 10017 Facsimile: (212) 661-0533

"Buyer"

RECITALS

WHEREAS, the Sellers own the Business either directly or through their ownership of the Acquired Company;

WHEREAS, PCC owns, directly or indirectly, all of the ownership interests of the Sellers and wishes to facilitate the sale of the Business;

WHEREAS, Buyer wishes to acquire, through its Permitted Assignees, the Business, and the Sellers wish to transfer or cause to be transferred to Buyer or its Permitted Assignees all of their interest in the Business;

WHEREAS, the parties desire to effect the acquisition by transferring the Shares and certain assets and certain liabilities of Flow LP used in or related to the Business, all in exchange for the payment of the consideration described in Section 1.03 and the assumption of the Assumed Liabilities, upon and subject to the terms and conditions set forth herein; and

WHEREAS, certain terms used in this Agreement are defined on pages (vi) to (xii) of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, agreements, representations and warranties contained herein, the parties agree as follows:

ARTICLE I

SALE OF ASSETS AND SHARES; PURCHASE PRICE; CLOSING; PURCHASE PRICE ADJUSTMENT

- 1.01 Purchase and Sale of the Assets. On the terms and conditions of this Agreement, PCC will cause Flow LP to sell, transfer, convey, assign and deliver to Buyer, and Buyer will purchase and acquire from Flow LP, all right, title and interest of Flow LP in and to all properties, assets and rights of every nature, kind and description, tangible and intangible (including goodwill), whether real, personal or mixed, whether accrued, contingent or otherwise and whether now existing or hereinafter acquired (other than the Excluded Assets) relating to, used or held for use in connection with the Business, as the same may exist on the Closing Date (the "Assets"), including without limitation all those items in the following categories that conform to the definition of the term "Assets":
- (i) all machinery, equipment, furniture, furnishings, automobiles, trucks, vehicles, tools, dies, molds and parts and similar property (including but not limited to any of the foregoing purchased subject to any conditional sales or title retention agreement in favor of any other Person);
- (ii) all raw materials, work in process, Finished Goods, spare parts, replacement and component parts, manufacturing supplies and tooling (collectively, "Inventories");
- (iii) all rights to products sold or leased prior to the Closing (including products hereafter returned or repossessed and unpaid sellers' rights of rescission, replevin, reclamation and rights to stoppage in transit);
- (iv) all rights (including any and all Intellectual Property Assets) to any products or assets under research or development prior to the Closing;
- (v) all of the rights under all Contracts, including any right to receive payment for products sold or services rendered, and to receive goods and services, pursuant to such

agreements and to assert claims and take other rightful actions in respect of breaches, defaults and other violations of such Contracts, arrangements, licenses, leases and other agreements and otherwise;

- (vi) all credits, prepaid expenses, deferred charges, advance payments, security deposits and prepaid items;
- (vii) all notes and accounts receivable (including retentions) and all notes,bonds and other evidences of indebtedness of and rights to receive payments from any Person;
 - (viii) all Intellectual Property Assets;
- Excluded Assets or Excluded Liabilities): advertising matter, catalogues, price lists, mailing lists, lists of customers, customer files, distribution lists, photographs, production data, sales and promotional materials, purchasing materials, personnel records with respect to employees employed by Flow LP with respect to the Business on the Closing Date (other than employees who do not become Pumps Employees), manufacturing and quality control records and procedures, blueprints, research and development files, records, data and laboratory books, media materials and plates, open sales order files, quotation logs and quote file history, proposals, databases, historical account information, system design and operating manuals, drawings, instructions, maintenance records, written quality assurance processes and procedures and standard operating procedures;
- (x) to the extent their transfer is permitted by Law, all Permits, including all applications therefor;
- (xi) all rights to causes of action, lawsuits, judgments, claims and demands of any nature available to or being pursued by Flow LP other than those that relate to an Excluded Asset or Excluded Liability; and
- (xii) all guarantees, warranties, indemnities and similar rights in favor of Flow LP with respect to any Asset;
 - (xiii) the Litigation Reserve; and
 - (xiv) the Owned Real Property.

The Assets shall be transferred or otherwise conveyed to Buyer free and clear of all Liens and other obligations excepting only Assumed Liabilities and Permitted Liens.

1.02 Purchase and Sale of the Shares.

(i) On the terms and conditions of this Agreement and subject to clause (ii) below, on the Closing Date, Holdings shall sell to Buyer, and Buyer shall purchase, the Shares. By purchase of the Shares, Buyer will acquire, directly or indirectly, ownership of 100% of the ownership interests of the Acquired Company.

- Company to Buyer may be subject to approval of a Governmental Body under applicable Laws ("Sale Approval Process"). Although Holdings desires to sell and Buyer desires to purchase all Shares, Holdings does not propose to transfer the Shares pursuant to this Agreement until the Sale Approval Process has been completed, and no such transfer will be agreed to by Holdings or Buyer, unless and until the applicable Sale Approval Process has been completed. Without prejudice to the foregoing, Holdings and Buyer agree to use their commercially reasonable efforts to complete the Sale Approval Process. If the Closing of the sale of the Assets occurs prior to completion of the Sale Approval Process, Buyer and Sellers agree
- hall be withheld by Buyer at Closing with respect to the Shares. The sale of the Shares will occur as provided in the Equity Transfer Agreement, dated as of the date hereof (the "Equity Transfer Agreement"), between Holdings and Buyer. The parties hereby agree that (a) the Equity Transfer Agreement shall be terminated upon any termination of this Agreement and (b) the transactions contemplated by the Equity Transfer Agreement shall not be consummated unless the Closing of the sale of the Assets has occurred.
 - 1.03 Purchase Price. The unadjusted purchase price for the Shares and Assets is

- 1.04 Time and Place of Closing. Subject to Section 1.02(ii), the closing of this transaction (the "Closing") shall occur at the offices of Stoel Rives LLP, 900 SW Fifth Avenue, Suite 2600, Portland, Oregon 97204, USA at 8:00 a.m., Portland time, on the date that is five Business Days after the satisfaction or waiver of the conditions precedent set forth in Article V and Article VI (other than those conditions to be satisfied at the Closing, which shall be satisfied or waived at the Closing), or on such other date or at such other time and place as is mutually acceptable to Sellers and Buyer (the "Closing Date").
 - 1.05 Events at Closing. On the Closing Date, the following shall occur:
- (i) Subject to Section 1.02(ii), Buyer shall pay the Initial Purchase Price to PCC (who will act as agent for Holdings and Flow LP for receipt of the Initial Purchase Price);
- (ii) Subject to Section 1.02(ii), Sellers shall deliver the Shares to Buyer in accordance with applicable Laws of the country and jurisdiction in which the Acquired Company is incorporated or organized, together with all other documents referenced in Section 3.06 of the Equity Transfer Agreement;
 - (iii) Flow LP shall deliver to Buyer the following instruments and documents:

- (a) a bill of sale and assignment with respect to the Assets;
- (b) special warranty deeds for the Brookshire Property and the Portland Property; and
- (c) a standard owner's title insurance policy for each of the Brookshire Property and the Portland Property, issued by First American Title Insurance Company, setting forth all matters of record affecting the Brookshire Property and the Portland Property, respectively, together with a survey of the Brookshire Property and the Portland Property, respectively.
 - (iv) Sellers shall deliver to Buyer the following instruments and documents:
- (a) if requested by Buyer, letters of resignation, effective as of the
 Closing Date, of the executive officers and directors of the Acquired Company;
 - (b) executed counterparts of the Transition Services Agreements;
- (c) an assignment of the Contracts listed on <u>Schedule 3.25</u> to which Holdings is a party, to the extent such assignment can be obtained using Sellers' commercially reasonable efforts; and
 - (d) an executed counterpart of the Equity Transfer Agreement.
 - (v) Buyer shall deliver to Sellers the following instruments and documents:
 - (a) the Assumption Agreement with respect to the Assumed
 - (b) executed counterparts of the Transition Services Agreements;
- (c) Subject to Section 1.02(ii), the deliverables required under the Equity Transfer Agreement; and
 - (d) an executed counterpart of the Equity Transfer Agreement.
- (vi) Sellers shall cause PCC Receivable Corp. to transfer to Flow LP all accounts receivables held by PCC Receivable Corp. that are related to the Business.
- 1.06 Purchase Price Adjustment. The Initial Purchase Price shall be adjusted on a dollar-for-dollar basis to reflect the change in the Net Assets between March 28, 2004 (the "Peg Date") and the Closing Date to determine the Final Purchase Price.
- (i) Attached as <u>Exhibit 1.06(i)</u> is a statement (the "<u>Peg Statement</u>") showing the Net Assets as of the Peg Date derived from the Current Balance Sheet (which includes the Corporate Adjustments at March 28, 2004) using the Accounting Principles, but excluding at the Peg Date the following:
 - (a) any cash or cash equivalents;

Liabilities;

- (b) items (i), (iii) and (v) contained in the definition of "Indebtedness"
- (c) accruals for the Bonus Amounts of the type referenced in Section 4.07(iv); and
- (d) domestic current Income Taxes otherwise shown as an Intercompany Payable or Intercompany Receivable (the "Peg Net Assets").

The Peg Statement items, including the Corporate Adjustments, are drawn directly from the Current Balance Sheet in the manner set forth on Exhibit 1.06(iii).

- (ii) As soon as practicable, but in no event later than 30 days following the Closing Date, Sellers shall provide to Buyer the dollar amounts of the Corporate Adjustments as of the Closing Date, which shall be calculated in a manner consistent with the calculation of the Corporate Adjustments shown on the Current Balance Sheet. Within 60 days following the Closing Date, Buyer shall prepare and deliver to Sellers a statement (the "Preliminary Closing Statement") prepared from the books and records of the Acquired Company and Flow LP at the Closing Date using the Accounting Principles, setting forth the Net Assets as of the Closing Date, but including at the Closing Date the following:
 - (a) cash or cash equivalents;
- (b) items (i), (iii) and (v) contained in the definition of "Indebtedness" herein, to the extent it is an assumed liability;
- (c) accruals for the Bonus Amounts of the type referenced in Section 4.07(iv);
- (d) domestic current Income Taxes otherwise shown as an Intercompany Payable or Intercompany Receivable; and
- (e) the Corporate Adjustments provided by Sellers to Buyer (collectively, the "Closing Date Net Assets").

For purposes of preparing the Preliminary Closing Statement, there will be (i) no decreases in any reserve or valuation allowance from the Peg Statement that are not the direct result of a payment or a settlement of a liability in the ordinary course of business consistent with past practice and (ii) no increase in the gross value of inventories other than as a result of the purchase of goods or services or the capitalization of direct and indirect costs actually incurred in the period between the Peg Date and the Closing Date. If Buyer disputes the amount of any of the Corporate Adjustments provided by Sellers as not in accordance with the Accounting Principles and the terms of this Agreement, Buyer shall instead include in the Preliminary Closing Statement the amount of Corporate Adjustments that Buyer calculates to be correct.

(iii) The parties acknowledge and agree that, by way of illustration, the amount of Net Assets and Corporate Adjustments as reflected on the Preliminary Closing Statement shall

herein;

be determined consistent with the calculations (and the components thereof) set forth on Exhibit 1.06(iii).

- Statement to review such statement. If Sellers determine that such statement has not been prepared in accordance with the provisions of this Section 1.06 or if Sellers disagree with Buyer's calculation of the Corporate Adjustments, then within such 45-day period, Sellers shall prepare and deliver a written notice to Buyer (the "Objection Notice") specifying in reasonable detail the disputed items on the Preliminary Closing Statement and describing in reasonable detail the basis for the disputed items and the adjustments that Sellers believe are appropriate. During such 45-day period, Buyer shall grant Sellers reasonable access during normal business hours to the books, records, work papers, personnel and accountants of the Business, and Buyer as appropriate, and shall promptly deliver to Sellers all such work papers and other data used in the preparation of the Preliminary Closing Statement as may reasonably be requested in writing by Sellers.
- (v) If Sellers do not furnish the Objection Notice to Buyer within such 45-day period, then the Preliminary Closing Statement as prepared by Buyer will become final (the "Final Closing Statement").
- (vi) Buyer will have 30 days following receipt of Sellers' Objection Notice, if any, to review such notice and deliver to Sellers a written response setting forth Buyer's position with respect to each adjustment proposed by Sellers. If Buyer does not deliver its response to Seller within the 30 days allowed, then all of the adjustments set forth in Sellers' Objection Notice shall be deemed to have been accepted by Buyer, and the Final Closing Statement will be prepared by adjusting the Preliminary Closing Statement for all adjustments set forth in Sellers' Objection Notice.
- (vii) As soon as practicable, but no later than 15 days following the receipt by Sellers of Buyer's response, if any, the parties shall meet and endeavor to resolve any disputed adjustments to the Preliminary Closing Statement. If the parties reach agreement on the remaining adjustments, if any, then the Final Closing Statement shall be prepared by adjusting the Preliminary Closing Statement for the adjustments agreed to and resolved by the parties.
- (viii) If the parties cannot reach an agreement as to the Final Closing Statement within 90 days following the delivery of the Preliminary Closing Statement to Sellers, Buyer and Sellers will select an independent accounting firm of recognized standing not presently engaged by either party (or, if the parties cannot agree upon a selection, they will select such accounting firm randomly from between the two largest accounting firms in the United States that do not perform material work for either Sellers or Buyer) (such independent accounting firm or other accounting firm being, the "Unrelated Accounting Firm") which shall resolve such dispute as promptly as possible. The Unrelated Accounting Firm's determination shall be made using the Accounting Principles. The Unrelated Accounting Firm's determination shall be conclusive and binding upon the parties for purposes of this Agreement. All fees and costs payable to the Unrelated Accounting Firm shall be split 50/50 between Sellers and Buyer.

Net Assets, then the difference plus Interest from the Closing Date to the date of payment shall be paid by Sellers to Buyer by wire transfer of immediately available funds within five Business Days after the determination of the Final Closing Statement. If the value of the Closing Date Net Assets is more than the value of the Peg Net Assets, then the excess plus Interest from the Closing Date to the date of payment shall be paid by Buyer to Sellers by wire transfer of immediately available funds, within five Business Days after the determination of the Final Closing Statement. The net amount of any adjustment to the Initial Purchase Price is the "Adjustment Amount."

1.07 Allocation of Purchase Price.

- (ii) The parties will each report the foreign, federal, state and local and other Tax consequences of the purchase and sale contemplated hereby (including the filing of Internal Revenue Service Form 8594) in a manner consistent with Exhibit 1.07, as finally determined, and will not take any position inconsistent therewith in any Return, refund claim, litigation or otherwise, unless otherwise required by applicable Law.
- 1.08 Assumption of Flow LP Liabilities. Subject to the terms and conditions set forth herein Buyer shall assume and agree to pay, honor and discharge when due all of the following liabilities of Flow LP relating to the Business (collectively, the "Assumed Liabilities"):
- (i) all items which comprise each account balance at Closing related to Flow LP with respect to the Business under the caption "Liabilities" in the Current Balance Sheet;
- (ii) all liabilities incurred in connection with the Business by Flow LP in the ordinary course of business since the date of the Current Balance Sheet, other than specifically enumerated in (i) (vi) and (viii) of Section 1.09;
- (iii) all liabilities, obligations and commitments of Flow LP under the Material Contracts to which Flow LP is a party;
- (iv) all agreements, Contracts, commitments and other instruments entered into by Flow LP in the ordinary course of business in connection with the Business, including orders and other Contracts for the purchase or sale of Inventories or the performance of services, and that are not set forth on Schedule 3.10;

- (v) all liabilities and obligations in respect of any product warranty claims, including but not limited to product warranty-related consequential damages (but specifically excluding Products Liability – Sellers);
- (vi) all unpaid Taxes arising from the operation of the Business with respect to periods up to and including the Closing Date to the extent and in the amount provided for on the Final Closing Statement as a current Tax liability (excluding any reserve for deferred Taxes established to reflect timing differences between book and Tax income) and all Taxes with respect to extraordinary transactions effected by Buyer, a Permitted Assignee or the Acquired Company after Closing;
 - (vii) Products Liability Buyer; and
- (viii) all Losses arising from Scheduled Legal Proceedings, to the extent the aggregate Losses under such Scheduled Legal Proceedings do not exceed the Litigation Reserves, and workers compensation matters as described in Section 4.07(v).

Buyer shall further assume the contracts listed on Schedule 3.25 to which Holdings is a party. At the Closing, Buyer shall assume the Assumed Liabilities by executing and delivering to PCC an assumption agreement in a form reasonably satisfactory to PCC (the "Assumption Agreement").

- 1.09 Excluded Liabilities. Notwithstanding Section 1.08, Sellers shall retain, and shall be responsible for paying, performing and discharging when due all, and Buyer shall not assume any, liabilities, obligations or commitments of Flow LP relating to or arising out of the operation of Flow LP or the ownership of the Assets on or prior to the Closing other than the Assumed Liabilities (the "Excluded Liabilities"). The Excluded Liabilities shall include:
- (i) all liabilities for Taxes relating to Flow LP, the Assets or the Business for any taxable period or portion thereof ending on or prior to the Closing Date, other than (i) Taxes provided for in the Final Closing Statement as a current Tax liability (which shall not include any reserve for deferred Taxes established to reflect timing differences between book and Tax income) and (ii) with respect to extraordinary transactions effected by Buyer, a Permitted Assignee or the Acquired Company after Closing on the Closing Date, which shall be Assumed Liabilities;
- (ii) all Asbestos Liability, including Asbestos Claims described in <u>Schedule</u>
 3.06;
 - (iii) all liabilities related to Newman's;
- (iv) all liabilities relating to post-retirement medical, dental, life insurance and any other welfare benefits for employees and former employees (and their eligible dependents) of Johnston Pump under the Group Insurance Benefits for Employees of PCC Flow Technologies, Inc. plan (the "Postretirement Welfare Benefits"), and all liabilities relating to the Retirement Plan for Salaried Employees of Johnston Pump/General Valve, Inc.;
 - (v) all liabilities and obligations relating to the Excluded Assets;

- (vi) all Products Liability Sellers;
- (vii) all Losses arising from Scheduled Legal Proceedings to the extent the aggregate Losses thereunder exceed the Litigation Reserve, other than workers compensation claims described in Section 4.07(v) which are Assumed Liabilities; and
- (viii) all liabilities arising under the Lease Agreement, dated May 29, 1998, between Security Capital Industrial Trust, as Landlord, and Flow Products, Inc., as Tenant with respect to the property located at 1147 Aviation Blvd., Hebron, Kentucky.
- 1.10 Excluded Assets. The Sellers and Flow LP will retain and not transfer, and Buyer will not acquire the following assets (whether previously acquired by the Acquired Company or by Flow LP) (the "Excluded Assets"):
 - (i) all Retained Rights;
 - (ii) all assets and reserves related to Newman's;
- (iii) the names "PCC," "Precision Castparts" and related trademarks and trade names incorporating "PCC" or "Precision Castparts";
- (iv) the Retirement Plan for Salaried Employees of Johnston Pump/General Valve, Inc.;
 - (v) the capital stock of B.I. Inc. and General Valve of Canada, Inc.;
 - (vi) all assets listed on Exhibit 1.10;
- (vii) all properties, assets and rights relating to, used or held for use in connection with the Valves Business, except to the extent listed on Exhibit 4.09 and allocated to Buyer;
- (viii) all rights under the Lease Agreement, dated May 29, 1998, between Security Capital Industrial Trust, as Landlord, and Flow Products, Inc., as Tenant with respect to the property located at 1147 Aviation Blvd., Hebron, Kentucky;
- (ix) the real property and improvements located at 101 W. Bivar, DeLeon, Texas; and
- (x) all reserves (other than the Litigation Reserve, which is an Asset) in respect of (i) Excluded Assets or Excluded Liabilities and (ii) matters for which Sellers are obligated to indemnify Buyer pursuant to Article VIII.
- 1.11 Consent of Third Parties. Notwithstanding anything to the contrary in this Agreement, this Agreement shall not constitute an agreement to assign or transfer any permit, instrument, Contract, lease or other agreement or arrangement or any claim, right or benefit arising thereunder or resulting therefrom if an assignment or transfer or an attempt to make such an assignment or transfer without the consent of a third party would constitute a breach or

violation thereof or affect adversely the rights of Buyer, PCC (or any Seller) thereunder; and any transfer or assignment to Buyer by any Seller of any interest under any such permits, instrument or Contract that requires the consent of a third party shall be made subject to such consent or approval being obtained. In the event any such consent or approval is not obtained on or prior to the Closing Date, PCC and Buyer shall use reasonable efforts to obtain any such approval or consent as soon as reasonably practical after the Closing Date, and PCC will cooperate with Buyer in any lawful arrangement (which may include Buyer acting as the subcontractors of PCC or another Seller) to provide that Buyer shall receive the interest of PCC and the other Sellers in the benefits under any such permits, instrument, Contract, lease or other agreement or arrangement, including performance by PCC or a Seller, as agent, provided that Buyer shall undertake to pay or satisfy the corresponding expenses and liabilities for the enjoyment of such benefit.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Sellers as follows:

- 2.01 Authorization. Buyer is a corporation, duly organized, validly existing and in good standing under the Laws of its jurisdiction of formation and has all requisite power and authority to own and operate its properties and to carry on its business as now conducted. Buyer has taken all action necessary to authorize its execution, delivery and performance of this Agreement. Buyer has full power and authority to enter into this Agreement and carry out the terms hereof. Buyer has duly executed and delivered this Agreement, and this Agreement is the valid and binding obligation of Buyer enforceable in accordance with its terms, except as enforceability may be limited or affected by (i) applicable bankruptcy, insolvency, reorganization or other Laws of general application relating to or affecting the rights of creditors and (ii) rules of law governing specific performance, injunctive relief or other equitable remedies.
- 2.02 Compliance. The execution, delivery and performance of this Agreement by Buyer, the compliance by Buyer with the provisions of this Agreement and the consummation of the transactions described in this Agreement will not conflict with or result in the breach of any of the terms or provisions of or constitute a default under:
- (i) the certificates of incorporation or bylaws or other organizational documents of Buyer;
 - (ii) any Contract to which Buyer is a party or by which Buyer is bound; or
- (iii) except as set forth in Section 2.03 below, any Law, Order or decision of any Governmental Body applicable to Buyer.
- 2.03 Third Party Consents and Governmental Approvals. Except for the consents and Orders of, with or to any Governmental Body ("Governmental Approvals") set forth on Schedule 2.03 and any other third party consents set forth on Schedule 2.03, no consent, approval or authorization of any Governmental Body or third party is required to be obtained by

- Buyer nor is any filing or registration required to be made therewith by Buyer for the consummation of the transactions described in this Agreement or the Transition Services Agreements.
- 2.04 Brokers and Finders. Neither Buyer nor any officer, director or employee of Buyer has employed any broker, finder or investment banker or incurred any liability for any commission, brokerage or investment-banking fee or finder's fee in connection with the transactions contemplated by this Agreement.
- 2.05 Litigation. There are no claims, actions, suits, legal proceedings or investigations pending or, to Buyer's knowledge, threatened by or against Buyer with respect to this Agreement or in connection with the transactions contemplated hereby.
- 2.06 Investment Intent. Buyer is acquiring the Shares for its own account and not with a view to their distribution within the meaning of Section 2(11) of the Securities Act of 1933, as amended.
- 2.07 Funding. Buyer has cash on hand or committed bank facilities for amounts sufficient to pay the Initial Purchase Price and otherwise fully perform its obligations under this Agreement.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF SELLERS AND PCC

Sellers and PCC jointly and severally represent and warrant to Buyer that, except as set forth in a numbered schedule that corresponds to the section for which disclosure is made or which satisfies the Section 9.12 standard for disclosure, as follows; *provided* all representations and warranties with respect to Flow LP are made only with respect to the Business:

- status under the Laws of the state of Oregon. Holdings is a corporation duly organized, legally existing and in good standing under the Laws of the state of Delaware. Flow LP is a limited partnership duly organized, legally existing and in good standing under the Laws of the state of Delaware. The Acquired Company is an entity duly organized, legally existing and of current status, good standing or the equivalent under the Laws of the jurisdiction of formation, and each of Flow LP and the Acquired Company has all necessary corporate power and authority to own, lease and operate its properties and assets and to carry on its business as now conducted. Flow LP is duly qualified or licensed to do business as a foreign corporation in each jurisdiction in which it owns or leases real property and each other jurisdiction in which the conduct of its business requires such qualification, except where the failure to be so qualified would not individually or in the aggregate have a Material Adverse Effect.
- 3.02 Authority. PCC and each Seller has full corporate power and authority to enter into this Agreement and each Ancillary Agreement to which it will be a party at or prior to Closing and to carry out their respective terms. PCC and each Seller has taken all corporate or partnership action necessary to authorize the execution, delivery and performance of this Agreement and each Ancillary Agreement to which it will be a party at or prior to Closing. This

- Agreement has been, and each Ancillary Agreement to which PCC or a Seller will be a party at Closing will be, duly and validly executed and delivered by PCC and each Seller, as applicable, and this Agreement is and the Ancillary Agreements will be, binding upon and enforceable against PCC and each Seller, as applicable, in accordance with their respective terms, except as enforceability may be limited or affected by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other Laws of general application relating to or affecting creditors' rights and remedies generally and (ii) rules of law governing specific performance, injunctive relief or other equitable remedies.
- 3.03 Capitalization. Schedule 3.03 sets forth the record ownership of the Shares. The Shares are validly issued, fully paid and nonassessable. There is no subscription, option, warrant, call, right, agreement or commitment relating to the issuance, sale, delivery or transfer (including any right of conversion or exchange under any outstanding security or other instrument) of any Shares. Except as disclosed in Schedule 3.03, Holdings, Inc, Flow LP and the Acquired Company do not own any other equity or proprietary interest in any corporation, partnership, association, trust, joint venture or other entity relating to the Business.
- 3.04 Title to and Transfer of the Shares. Holdings owns the Shares beneficially and of record, free and clear of all Liens and restrictions on transfer other than as set forth on Schedule 3.18. Except as set forth on Schedule 3.18, Holdings has the corporate or partnership power and authority to sell, transfer, assign and deliver the Shares as provided in this Agreement, and such delivery will convey to Buyer good and marketable title to such Shares, free and clear of any and all Liens and restrictions on transfer, other than restrictions arising under applicable securities Laws.
- 3.05 No Adverse Consequences. Except as set forth in Schedule 3.05, the execution, delivery and performance of this Agreement by PCC and Sellers, and the execution, delivery and performance of each Ancillary Agreement to which PCC or any Seller will be a party at or prior to Closing, and the consummation of the transactions contemplated hereby or thereby will not (i) result in the creation or imposition of any Lien on the Acquired Company's assets or properties or the Assets, (ii) violate, conflict with, or result in the breach of, any provision of the certificate of incorporation or by-laws or comparable organizational documents of PCC, any Seller or the Acquired Company (iii) violate any Law or Order of any Governmental Body or authority by which PCC, the Acquired Company or any Seller is bound or (iv) conflict with, violate, result in the breach or termination of, constitute a default under, accelerate the maturity or performance of or cancel, terminate or cause a modification of any Material Contract, or any license, franchise, Permit or other similar authorization held by the Acquired Company or Flow LP in each case of (i) through (iv) which would have a Material Adverse Effect.
- 3.06 Litigation. Except as set forth in <u>Schedule 3.06(a)</u>, there is no Legal Proceeding pending against the Acquired Company or Flow LP relating to the Business. Except as set forth on <u>Schedule 3.06(b)</u>, to Sellers' Knowledge, there is no Legal Proceeding threatened against the Acquired Company or Flow LP which, if decided adversely, would have a Material Adverse Effect.
- 3.07 Compliance with Laws. Except as set forth in Schedule 3.07, each of the Acquired Company and Flow LP is in compliance with all Laws as in effect on the date of this

Agreement applicable to the conduct of their business or operations, or applicable to their employees, except where the failure to be in compliance would not have a Material Adverse Effect. Except as set forth in Schedule 3.07, neither the Acquired Company nor Flow LP has received notice of any violation of any Law, or any potential liability under any Law, relating to the operation of the Business or to its employees or to any of the Assets, operations, processes, employees or products of the Acquired Company or Flow LP relating to the Business. Neither the Acquired Company nor Flow LP is subject to any outstanding Order relating to the Business which would have a Material Adverse Effect.

3.08 Employment Matters.

(i) Labor Matters.

- (a) Except as set forth in <u>Schedule 3.08(i)</u>, neither the Acquired Company nor Flow LP is party or otherwise subject to any labor or collective bargaining agreement other than those generally applicable or available on a national basis and there are no labor unions or other organizations representing, purporting to represent or, to Sellers' Knowledge, attempting to represent any employees employed by the Acquired Company or Flow LP.
- (b) Except as set forth in <u>Schedule 3.08(i)</u>, there is no (1) unfair labor practice complaint against the Acquired Company or Flow LP pending before the National Labor Relations Board, or similar foreign governmental agency, or any other Governmental Body, (2) representation petition respecting the employees in the operation of the Business pending before any Government Body or, to Sellers' Knowledge, threatened to be brought or filed or (3) labor disputes subject to any grievance procedure, litigation or any arbitration proceeding pending arising out of or under collective bargaining agreements applicable to the Acquired Company or Flow LP, or to Sellers' Knowledge, threatened with respect to any employee employed in the operation of the Business.
- (c) Since January 1, 2002, there has not occurred, or to Sellers' Knowledge, been threatened any material strike, slowdown, work stoppage, lockout, concerted refusal to work overtime or other similar labor activity with respect to any employee employed in the operation of the Business.
- (d) The Acquired Company and Flow LP are in compliance with all Orders in respect of employment and employment practices, except where the failure to be in compliance would not have a Material Adverse Effect.

(ii) Employee Benefits.

(a) (1) <u>Schedule 3.08(ii)(a)</u> lists all pension, retirement, profit sharing, deferred compensation, bonus, life insurance or other death benefit, health, disability, severance or other employee benefit plans (within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("<u>ERISA</u>")) established, sponsored, maintained or contributed to or required to be contributed to by the Acquired Company or Flow LP and subject to ERISA, in which current or former employees or directors of the Acquired Company or Flow LP participate (together, the "<u>ERISA Plans</u>"). The ERISA Plans listed on <u>Schedule 3.08(ii)(a)</u>

include all employee pension benefit plans (within the meaning of Section 3(2) of ERISA) ("<u>ERISA Pension Plans</u>") and employee welfare benefit plans (within the meaning of Section 3(1) of ERISA) ("<u>ERISA Welfare Benefit Plans</u>") established, sponsored, maintained or contributed to or required to be contributed to by the Acquired Company or Flow LP.

(2) <u>Schedule 3.08(ii)(a)</u> also lists all employee severance or termination pay, and all stock purchase or stock option plans or arrangements involving stock of the Acquired Company (collectively, the "<u>Non-ERISA U.S. Plans</u>") established, sponsored, maintained or contributed to or required to be contributed to by the Acquired Company or Flow LP that is applicable to any current or former employees of the Acquired Company or Flow LP in the United States. Such ERISA Plans and Non-ERISA U.S. Plans are referred to collectively as the "U.S. Plans."

employees of the Acquired Company or Flow LP that is the same type as a Non-ERISA U.S. Plan but is maintained by an ERISA Affiliate and either (1) provides an option to purchase stock of the ERISA Affiliate or (2) provides executive deferred compensation benefits. PCC has delivered or made available to Buyer true and complete copies of all of the U.S. Plans (including any amendments or supplements thereto) and descriptions of all unwritten plans and, where applicable, related trusts, including all amendments, as well as, with respect to each U.S. Plan that is required to file such report and description, the most recent reports on Form 5500 (including all schedules thereto), along with the most recent summary plan descriptions, the most recent IRS determination letter regarding each of the U.S. Plans designed to qualify under Code Section 401(a), and along with any statements or other communications regarding withdrawal liabilities relating to participation in a "multiemployer plan" as defined in Section 37A of ERISA ("Multiemployer Plan") or other Multiemployer Plan liabilities, if any.

(4) Except as set forth in Schedule 3.08(ii)(a), neither the Acquired Company nor Flow LP has communicated to any employee any intention or commitment to modify any U.S. Plan or to establish or implement any other employee or retiree benefit or compensation arrangement. There are no material pending or, to any Sellers' Knowledge, threatened claims by or on behalf of any of the U.S. Plans by any employee or otherwise involving any such U.S. Plan or the assets of any U.S. Plan (other than routine claims for benefits). There is no matter pending (other than routine qualification determination filings) with respect to any of the U.S. Plans before the Internal Revenue Service, the Department of Labor, the PBGC, or any other Governmental Authority. Each U.S. Plan is in compliance with all applicable reporting and disclosure requirements respecting governmental agencies and participants except for noncompliance that would not have a Material Adverse Effect. For each U.S. Plan to which the Acquired Company or Flow LP is required to contribute, as of the Closing Date there will be no unpaid required contributions for which the time allowed for making the contributions will have expired.

(b) Except as identified in Schedule 3.08(ii)(a), neither the Acquired Company nor Flow LP participates in and neither has withdrawn from participation in any Multiemployer Plan, any "multiple-employer welfare arrangement" as defined in Section 40A of ERISA or any employee pension benefit plans (within the meaning of Section 3(2) of ERISA) maintained by multiple employers that are not members of the same controlled group of entities.

- respects with the applicable requirements of ERISA. Each of the ERISA Pension Plans designed to be qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended (the "Code") has received a favorable determination letter from the Internal Revenue Service, and Sellers are not aware of any circumstances that will or could reasonably be expected to result in revocation of any such favorable determination letter or that will or could reasonably be expected to cause the plan to become disqualified under Section 401(a). Each trust created under any ERISA Pension Plan has been determined to be exempt from taxation under Section 501(a) of the Code, and Sellers are not aware of any circumstances that will or could reasonably be expected to result in a revocation of such exemption or that will or could reasonably be expected to cause the trust to become disqualified under Section 501(a).
- (d) With respect to each ERISA Pension Plan, neither the Acquired Company nor Flow LP or to Sellers' Knowledge any trustee or administrator of the ERISA Pension Plan has engaged in a "prohibited Transaction" as defined in Section 4975 of the Code, or a transaction prohibited by Section 406 of ERISA, that could give rise to any material tax or penalty under such Section 4975. No ERISA Pension Plan for which Buyers are assuming responsibility under this Agreement is a defined benefit pension plan governed by Title IV of ERISA.
- Schedule 3.08(ii)(e) lists all plans ("Foreign Plans") of a type listed in the first sentence of Section 3.08(ii)(a) that are not subject to ERISA, because they are maintained subject to Laws of a foreign jurisdiction, other than plans that are required to be established and maintained by the Acquired Company pursuant to such foreign Laws. Prior to Closing, PCC will have delivered or made available to Buyer true and complete copies of all Foreign Plans (inclusive of all amendments and supplementary documents) as well as available descriptions and financial reports with respect thereto. The Foreign Plans have been maintained in material compliance and as of the Closing are in material compliance with all foreign Laws. Except as set forth in Schedule 3.08(ii)(e), the Acquired Company has not communicated to any employee any intention or commitment to modify any Foreign Plan or establish any new Foreign Plan. To Sellers' Knowledge there are no material pending or threatened claims by or on behalf of any of the Foreign Plans by any employee or otherwise involving a Foreign Plan or its assets (other than routine claims for benefits). To Sellers' Knowledge, there are no material pending or threatened claims or actions by any governmental entity or agency respecting the Foreign Plans. For each Foreign Plan to which the Acquired Company or Flow LP is required to contribute, as of the Closing Date there will be no unpaid required contributions for which the time allowed for making the contributions has expired.
- (f) Schedule 3.08(ii)(f) lists all other bonus and incentive plans maintained by the Acquired Company or Flow LP that (1) are of a type listed in the first sentence of Schedule 3.08(ii)(a) but are not listed therein because they are not subject to ERISA and (2) cannot be terminated without an obligation to make payments of more than Five Thousand Dollars (\$5,000) to any participant or more than One Hundred Thousand Dollars (\$100,000) in the aggregate under the plan. PCC has delivered or made available to Buyer true and complete copies of plan documents of written plans and descriptions of unwritten plans listed on Schedule 3.08(ii)(f).

- No material liability has been or, to any Sellers' Knowledge, is expected to be incurred by the Acquired Company or Flow LP (either directly or indirectly, including as a result of an indemnification obligation) under or pursuant to Title I or IV of ERISA or the penalty, excise tax or joint and several liability provisions of the Code relating to employee benefit plans that could, following the Closing, become or remain a liability of the Business or create a lien on its assets or become a liability of Buyer or of any employee benefit plan established or contributed to prior to the Closing by Buyer. Specifically, with respect to any ERISA Pension Plan which is not listed in Schedule 3.08(ii)(a) but which is established, sponsored, maintained or contributed to, or has been established sponsored, maintained, or contributed to within six years prior to the Closing Date, by any ERISA Affiliate, the Acquired Company or Flow LP, (A) no withdrawal liability, within the meaning of Section 4201 of ERISA, has been incurred, which withdrawal liability has not been satisfied, (B) no liability to the PBGC has been incurred by any ERISA Affiliate, the Acquired Company or Flow LP which liability has not been satisfied, (C) no accumulated funding deficiency, whether or not waived, within the meaning of Section 302 of ERISA or Section 412 of the Code has been incurred and remains in effect and (D) as of the Closing, all material contributions (including installments) to such plan required by section 302 of ERISA and section 412 of the Code, for which the allowed time for the contributions has expired, has been made.
- become entitled to post-employment benefits of any kind by reason of employment by the Acquired Company or Flow LP in the United States, including, without limitation, death or medical benefits (whether or not insured), other than (a) coverage provided pursuant to the terms of any U.S. Plan identified on Schedule 3.08(ii)(a) or mandated by Section 4980B of the Code or applicable state law or (b) retirement benefits payable under any U.S. Plan qualified under Section 401(a) of the Code or (c) any Foreign Plan listed on Schedule 3.08(ii)(e) or (d) any plan or arrangement included among the Excluded Liabilities under Section 1.09. No representation is intended with respect to post-employment benefits of any kind by reason of employment of any person outside the United States or with respect to a Foreign Plan.
- (i) <u>Schedule 3.08(ii)(i)</u> lists all workers compensation claims filed and open as of a date not more than five Business Days prior to the date of this Agreement arising out of the Business. Such schedule shall be updated as of the Closing Date.
- (iii) Employment Agreements. Except as set forth in Schedule 3.08(iii), there are no employment or compensation agreements of any kind between the Acquired Company or Flow LP and any of their employees providing for base salary compensation of more than One Hundred Thousand Dollars (\$100,000) per year. Except for the stay bonus arrangements referred to in Section 4.16 or as set forth in Schedule 3.08(ii)(a) or Schedule 3.08(iii), neither the Acquired Company nor Flow LP is a party to an employment agreement that provides for any severance or other payment obligation resulting solely from the consummation of this Agreement.
- (iv) <u>Employees</u>. <u>Schedule 3.08(iv)(a)</u> contains a list of the following information for each employee of Flow LP employed in the Business, including each employee on leave of absence, short or long term disability or layoff status: name; job title; current base

salary and date of hire, as of a date within five Business Days prior to the date of this Agreement and updated to a date within five Business Days prior to the Closing.

3.09 Real Property and Tangible Personal Property.

- (i) Real Property. Schedule 3.09(i) contains a list of all real property owned in fee by the Acquired Company and Flow LP (excluding the Excluded Assets) ("Owned Real Property") setting forth the address and owner of each parcel of Owned Real Property. Except as set forth on Schedule 3.09(i), the Acquired Company or Flow LP has good and indefeasible fee simple title to all Owned Real Property, free and clear of all Liens other than Permitted Liens. There are no outstanding options or rights of first refusal to purchase the Owned Real Property, any portion thereof or interest therein.
- (ii) <u>Leases</u>. <u>Schedule 3.09(ii)</u> contains a list of all leases of real property leased by the Acquired Company or Flow LP (excluding the Excluded Assets) ("<u>Leased Real Property</u>") (the Leased Real Property and the Owned Real Property are, collectively, the "<u>Real Property</u>").
- (iii) <u>Title to Tangible Personal Property</u>. Except as set forth on <u>Schedule 3.09(iii)</u> and inventory, supplies and equipment disposed of or used up in the ordinary course of business, the Acquired Company and Flow LP have title to, or in the case of leased property have valid leasehold interests in, the tangible personal property reflected in the Current Balance Sheet or acquired after the date thereof and prior to the date of this Agreement, free and clear of all Liens except for Permitted Liens.
- (iv) <u>Permitted Liens.</u> Liens disclosed on <u>Schedule 3.09(iv)</u> are included in Permitted Liens.
- (v) <u>Sufficiency of Assets</u>. Subject to the Shared Assets and Services and the Contracts listed on <u>Schedule 1.05</u>, the Assets and the assets of the Acquired Company (other than the Excluded Assets) are sufficient to conduct the Business as it was conducted during the 12 month period ended June 30, 2004.
- (vi) <u>Use of Real Property</u>. Except as set forth in Schedule 3.09(vi), none of the real property listed on <u>Schedule 3.09(i)</u> or <u>3.09(ii)</u> is the site of an inactive or vacated facility.
- 3.10 Certain Contracts and Arrangements. Schedule 3.10 contains a list of all of the following types of Contracts, other than purchase orders for sale of inventory or purchase orders for materials or supplies in the ordinary course of business, to which the Acquired Company or Flow LP is a party (excluding the Excluded Assets) (such Contracts, together with the leases listed in Schedule 3.09(ii) collectively being, the "Material Contracts"):
- (i) Contracts for the sale, lease, purchase or other acquisition or divestiture of any of the assets of the Acquired Company or Flow LP other than in the ordinary course of business or for the grant to any Person of any rights to purchase any of its assets, in each case for consideration in excess of One Hundred Thousand Dollars (\$100,000) or involving continuing indemnity or other obligations in excess of \$100,000;

- (ii) Loan agreements, indentures, letters of credit, mortgages, security agreements, pledge agreements, deeds of trust, bonds, notes, guarantees and other agreements and instruments relating to the borrowing of money or obtaining of or extension of credit, other than Sellers' Commitments for the benefit of the Acquired Company or Flow LP, in excess of One Hundred Thousand Dollars (\$100,000);
- (iii) Joint venture, partnership or limited liability company agreements or other agreements (however named) involving a sharing of profits, losses, costs or liabilities with any other Person, other than between the Acquired Company and Flow LP;
- (iv) Severance agreements, excluding severance benefits required by Chinese law, to which the Acquired Company or Flow LP is a party with respect to any employee or former employee of the Acquired Company or Flow LP with respect to the Business, which agreements provide for unpaid severance benefits in excess of \$10,000;
- (v) Contracts other than purchase orders in the ordinary course of business with respect to which the aggregate amount that could reasonably be expected to be paid or received thereunder after the Closing Date exceeds One Hundred Thousand Dollars (\$100,000);
- (vi) Contracts or agreements with sales representatives or distributors which involved sales in excess of Two Hundred Fifty Thousand Dollars (\$250,000) per year in the fiscal year ended March 28, 2004;
- (vii) Leases, rental agreements, licenses, installment and conditional sale agreements affecting the ownership of, leasing of, title to, use of or any leasehold or other interest in any real or personal property and involving aggregate payments under an individual agreement in excess of One Hundred Thousand Dollars (\$100,000) in any one year;
- (viii) Contracts with any Affiliate of any Seller (other than the Ancillary Agreements);
- (ix) Contracts with respect to the representation of the Business in foreign countries pursuant to powers of attorney; and
- (x) Any other Contracts not covered by (i) through (ix) above, which involve the expenditure of more than One Hundred Thousand Dollars (\$100,000) per year individually.
- Material Contracts disclosed or required to be disclosed in <u>Schedule 3.10</u> is in full force and effect and is the legal, valid and binding obligation of the Acquired Company or Flow LP, enforceable against it and, to Sellers' Knowledge, against the third parties thereto, in accordance with their terms, except as enforceability may be limited or affected by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other Laws of general application relating to or affecting creditors' rights and remedies generally and (ii) Laws governing specific performance, injunctive relief or other equitable remedies. Except as set forth on <u>Schedule 3.11</u>, neither the Acquired Company nor Flow LP is in breach or default under any Material Contract and, to Sellers' Knowledge, no condition exists or event has occurred which, with notice or lapse of time or both, would constitute such a breach or a default by the Acquired Company or Flow LP under

the Material Contracts or, to Sellers' Knowledge, any other party thereto, in each case which would have a Material Adverse Effect.

3.12 Taxes.

- or Flow LP or with respect to the Assets or the Business under applicable Laws and regulations have been timely filed and all Taxes shown to be due on those Returns have been timely paid. All such Returns were correct and complete in all material respects. Except as listed on Schedule 3.12, the Acquired Company is not currently the beneficiary of any extension of time within which to file any Return other than extensions which do not require the affirmative consent of the relevant taxing authority, and no waiver of any statute of limitations in respect of Taxes nor any agreement for extension of time with respect to a Tax assessment or deficiency is in effect or been entered into by or on behalf of the Acquired Company.
- (ii) Except as listed on <u>Schedule 3.12</u>, there is no dispute, claim, audit, investigation, request for information or record retention agreement concerning any Tax liability of the Acquired Company or Flow LP or with respect to the Assets or the Business claimed, raised, received or entered into by or with any Tax authority either (a) by written notice or agreement to or with any of Sellers or the Acquired Company or (b) to Sellers' Knowledge, otherwise. All Taxes required by applicable Law to be withheld or collected by or on behalf of the Acquired Company or Flow LP in connection with any amounts paid or owing to any employee or independent contractor, creditor or other party relating to the Business or the Assets have been duly withheld or collected and, to the extent required, have been paid to the proper Governmental Body.
- (iii) The unpaid Taxes of the Acquired Company (a) did not, as of the date of the Current Balance Sheet, exceed the reserve for Tax liability (other than any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth on the face of the Current Balance Sheet (other than in any notes thereto) and (b) will not exceed that reserve as adjusted for operations and transactions through the Closing Date in accordance with the past custom and practice of Sellers in filing the Returns on behalf of the Acquired Company taking into account for purposes of calculating reserves in clause (a) and (b) current reserves for Taxes (excluding any reserve for deferred Taxes established to reflect timing differences between book and Tax income) included in Corporate Adjustments as of the relevant date.
- (iv) The Acquired Company (a) is not nor has it been a U.S. real property holding corporation within the meaning of Code Section 897(c)(2) during the applicable period specified in Code Section 897(c)(1)(A)(ii), (b) is not a party to any agreement, Contract, arrangement, or plan that has resulted or will result, separately or in the aggregate, in the payment of any "excess parachute payment" within the meaning of Code Section 280G prior to or in connection with the Closing or (c) is not a party to or bound by any Tax allocation or Tax sharing agreement.
- (v) Except as listed on <u>Schedule 3.12</u>, the Acquired Company (a) has not been a member of an Affiliated Group filing a consolidated, unitary or other combined Return for any

- purpose and (b) has no liability for the Taxes of any Person (other than the Acquired Company) under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local, or foreign law), as a transferee or successor, by Contract or otherwise.
- (vi) Buyer will not be required to deduct and withhold any amounts pursuant to Section 1445 of the Code upon the transfer of the Shares or the Assets hereunder.
- (vii) Neither the Acquired Company nor Flow LP has distributed stock of another company, or has had its stock distributed by another company, in a transaction that was purported or intended to be governed in whole or in part by Code Sections 355 or 361.
- (viii) The Acquired Company has not (a) participated in any listed transaction required to be disclosed under Treasury Regulation Section 1.6011-4, (b) at any time been a member of any partnership or joint venture, or the holder of a beneficial interest in any trust, for any period for which the statute of limitations for any relevant Tax has not expired, (c) agreed to make, and is not required to make, after the date hereof, adjustments under Code Section 481(a) by reason of a change in accounting method or otherwise, and the Acquired Company has no assets that are required to be treated as owned by another person pursuant to the provisions of Section 168(f)(8) of the Internal Revenue Code of 1954, as amended and in effect immediately before the enactment of the Tax Reform Act of 1986, or that are "tax-exempt use property" within the meaning of Code Section 168(h)(1).
- (ix) To Sellers' Knowledge, no claim has ever been made by a Governmental Body in a jurisdiction in which the Acquired Company does not currently file Returns that the Acquired Company is or may be subject to taxation by that jurisdiction.
- in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any: (a) intercompany transactions or any excess loss account described in Treasury Regulations under Code §1502 (or any corresponding or similar provision of state, local or foreign income Tax law) as a result of transactions effected on or prior to the Closing Date; (b) change in method of accounting for a taxable period ending on or prior to the Closing Date, (c)"closing agreement" as described in Code §7121 (or any corresponding or similar provision of state, local or foreign income Tax law) executed on or prior to the Closing Date; (d) installment sale or open transaction disposition made on or prior to the Closing Date not arising in the ordinary course of business; or (e) prepaid amount received on or prior to the Closing Date not arising in the ordinary course of business; in each case excluding extraordinary transactions effected by Buyer, the Permitted Assignees or the Acquired Company after Closing.
- (xi) To Sellers' Knowledge, there are no proposed reassessments of any property owned by the Acquired Company or other proposals (other than regular, periodic reassessments not in the nature of an examination or audit) that are reasonably likely to materially increase the amount of any Tax to which the Acquired Company would be subject.

- (xii) No power of attorney executed by or on behalf of the Acquired Company is currently in force with respect to any matter related to any Taxes associated with the Acquired Company.
- 3.13 Certain Interests. Except as set forth in <u>Schedule 3.13</u>, the consummation of the transaction contemplated by this Agreement or any Ancillary Agreement will not (either alone or upon the occurrence of any act or event, or with the lapse of time, or both) result in any payment (severance or other) becoming due from the Acquired Company or Flow LP or their respective Affiliates to any of their officers, directors or employees.

3.14 Financial Statements.

- Schedule 3.14(i) contains (a) the audited combined balance sheets of the (i) Business and the Valves Business at March 30, 2003 and March 28, 2004 and the audited combined statements of income and cash flows of the Business and the Valves Business for the years ended March 31, 2002, March 30, 2003 and March 28, 2004, together with the related auditor's report thereon and notes thereto (the "Audited Financial Statements") and (b) the unaudited combined balance sheet of the Business at March 28, 2004 and the related unaudited combined statement of income of the Business (the "Unaudited Year End Financial Statements"). The Audited Financial Statements and the Unaudited Year End Financial Statements are collectively referred to herein as the "Financial Statements." The audited balance sheet of the Business and the Valves Business at March 28, 2004 is referred to herein as the "Current Balance Sheet." Except as otherwise noted in the Audited Financial Statements or on Schedule 3.14(i), the Audited Financial Statements have been prepared in accordance with U.S. GAAP and fairly present, in all material respects, the combined financial condition, results of operations and cash flows of the Business and the Valves Business as of and for the periods to which they relate. Except as otherwise noted in the Unaudited Year End Financial Statements or on Schedule 3.14(i), the Unaudited Year End Financial Statements have been prepared in accordance with U.S. GAAP and fairly present, in all material respects, the combined financial condition and results of operations of the Business as of and for the period to which they relate, other than the absence of footnotes. Schedule 3.14(i) also contains the unaudited combined balance sheet of the businesses operated as Paco Pumps and Johnston Pumps and the business operated by PCC Flow Technologies (Wuxi) Co., Ltd. (the "Paco/Johnston/Wuxi Business") as of June 27, 2004 and the unaudited combined statement of income for the Paco/Johnston/Wuxi Business for the quarter ended June 27, 2004 (the "Interim Financial Statements"). The Interim Financial Statements reasonably reflect in all material respects the financial condition and results of operations of the Paco/Johnston/Wuxi Business as of and for the period to which they relate, except that the Interim Financial Statements do not include Corporate Adjustments, division allocations or sales eliminations.
- (ii) Except as set forth on <u>Schedule 3.14(ii)</u>, neither the Acquired Company nor Flow LP has incurred any obligations or liabilities (whether accrued, absolute, contingent or otherwise) required by U.S. GAAP to be reflected on a balance sheet (or footnotes thereto) prepared in accordance with U.S. GAAP that were not reflected or reserved for in the Current Balance Sheet or noted in the footnotes thereto other than any obligations or liabilities incurred in the ordinary course of business consistent with past practice since the date of the Current

Balance Sheet or which would not, individually or in the aggregate, have a Material Adverse Effect.

- 3.15 Absence of Certain Changes or Events. Except as set forth in <u>Schedule 3.15</u>, since the date of the Current Balance Sheet, there has not been:
- (i) Any Material Adverse Change or any event, occurrence, development or state of circumstances or facts which could reasonably be expected to result in a Material Adverse Change;
- (ii) Any damage, destruction or casualty loss, whether or not covered by insurance, to the Acquired Company's assets or properties or the Assets in excess of Two Hundred Fifty Thousand Dollars (\$250,000); or
- (iii) Any sale or disposition of an item of property, plant and equipment with a value in excess of \$25,000 by the Acquired Company or Flow LP other than the sale or use of inventory in the ordinary course of business.
- 3.16 Permits and Licenses. Schedule 3.16 contains a list of each governmental or regulatory license, permit and authorization which are material to the Business (collectively, "Permits"). The Acquired Company and Flow LP hold all Permits necessary for the lawful conduct of the Business as currently conducted pursuant to the Laws applicable to the Acquired Company or Flow LP, and each such Permit is valid and in full force and effect, except where the failure to hold any Permit or the failure of any Permit to be valid and in full force and effect would not have a Material Adverse Effect. The Acquired Company and Flow LP are in compliance with the terms of each Permit, and there are no claims of violation by the Acquired Company or Flow LP of any Permit, except where the failure to be in compliance or the violation would have not a Material Adverse Effect.

3.17 Environmental Conditions.

- (i) The Acquired Company and Flow LP are in compliance in all material respects with all applicable Environmental Laws.
- Assets, other than for Contamination that would not have a Material Adverse Effect, (a) no portion of any Real Property currently occupied by the Acquired Company or Flow LP has Contamination that requires any Response Action to meet applicable standards under Environmental Laws and (b) no other property formerly owned, leased or occupied by the Acquired Company, Flow LP (or their Predecessors) has Contamination that occurred during the Acquired Company's, Flow LP's or their Predecessors prior ownership, lease or occupancy of any such other property and that requires any Response Action to meet applicable standards under Environmental Laws.
- (iii) Except as set forth on <u>Schedule 3.17(iii)</u>, there are no underground storage tanks at any Real Property currently occupied by the Acquired Company or Flow LP, other than underground storage tanks which have been properly decommissioned or meet the requirements of Environmental Laws.

- (iv) Except as set forth on <u>Schedule 3.17(iv)</u>, none of the Sellers, the Acquired Company or Flow LP have received written notice of, nor is the Acquired Company, Flow LP or any of the Assets currently the subject of, (a) a pending or, to Sellers' Knowledge, threatened claim brought under or pursuant to any Environmental Law or (b) a civil, criminal or administrative complaint or notice of violation from any Governmental Body alleging a violation of, or liability under, any Environmental Laws.
- (v) Neither the Acquired Company nor Flow LP has disposed of Contaminants from Real Property or otherwise at any off-site facility except in compliance with Environmental Laws.
- 3.18 Third Party Consents and Governmental Approvals. Except for the Governmental Approvals listed on Schedule 3.18 and any other third party consents set forth on Schedule 3.18, no consent, approval or authorization of any Governmental Body or third person is required to be obtained by Sellers nor is any filing or registration required to be made therewith by Sellers for the consummation of the transactions described in this Agreement or the Transition Services Agreements.

3.19 Intellectual Property.

- General. Schedule 3.19(i)(a) contains a list of all U.S. Registered Intellectual Property Rights and, to Sellers' Knowledge, all Foreign Registered Intellectual Property Rights, which are in each case owned as of the date of this Agreement by the Acquired Company or Flow LP and material to conduct of the Business as now conducted. Schedule 3.19(i)(b) contains a list of the Intellectual Property material to the conduct of the Business as now conducted which is owned by third parties and licensed to the Acquired Company or to Flow LP, except for commercially available "off-the-shelf" software licenses ("Licensed Intellectual Property"). Except as set forth on Schedule 3.19(i)(c), the Acquired Company or Flow LP (x) own the U.S. Registered Intellectual Property Rights that are listed on Schedule 3.19(i)(a) and, to Sellers' Knowledge, own the Foreign Registered Intellectual Property Right that are listed on Schedule 3.19(i)(a), free from any requirement of royalty payments, license fees, charges or other payments and free from conditions or restrictions that would limit or prohibit Buyer from exploiting, directly or indirectly, the U.S. Registered Intellectual Property Rights that are listed on Schedule 3.19(i)(a) and the Foreign Registered Intellectual Property Rights that are listed on Schedule 3.19(i)(a) in the same manner as exploited by the Acquired Company and Flow LP prior to Closing (y) have an enforceable right to use the Licensed Intellectual Property in accordance with the provisions of the license agreements and (z) immediately after the Closing, subject to obtaining any required consent identified on Schedule 3.05 or Schedule 3.19(i)(c) and to the terms of that consent if obtained, Buyer will own all of the U.S. Registered Intellectual Property Rights that are listed on Schedule 3.19(i)(a) and, to Sellers' Knowledge, the Foreign Registered Intellectual Property Rights that are listed on Schedule 3.19(i)(a) and will have a right to use the Licensed Intellectual Property, on the same terms and conditions as in effect prior to the Closing.
- (ii) No Infringement. Except as set forth on Schedule 3.19(ii), the Acquired Company's and Flow LP's use of the U.S. Registered Intellectual Property Rights that are listed on Schedule 3.19(i)(a) and, to Sellers' Knowledge, the Foreign Registered Intellectual Property

- Rights that are listed on Schedule 3.19(i)(a), in the conduct of the Business does not infringe upon or misappropriate the rights of any other Person in any Patents, Trademarks or Copyrights owned by such other Person. To Sellers' Knowledge, none of the U.S. Registered Intellectual Property Rights that are listed on Schedule 3.19(i)(a) or Foreign Registered Intellectual Property Rights that are listed on Schedule 3.19(i)(a) is being infringed or misappropriated by any other Person.
- (iii) <u>Licensing Arrangements</u>. Except as set forth in <u>Schedule 3.19(iii)</u>, (x) the Acquired Company and Flow LP have not licensed to another Person (other than to each other) any Intellectual Property Assets listed on <u>Schedule 3.19(i)(a)</u> and that are material to the conduct of the Business as now conducted and (y) the use by any such Person of such material Intellectual Property Assets listed on <u>Schedule 3.19(i)(a)</u> is not otherwise permitted (through non-assertion, settlement or similar agreements or otherwise). All of the agreements set forth on <u>Schedule 3.19(i)(b)</u> and <u>Schedule 3.19(iii)</u> are in full force and effect in accordance with their terms, and no default exists thereunder by the Acquired Company, Flow LP or, to Sellers' Knowledge, by any other party thereto which would have a Material Adverse Effect. Sellers have or have caused to be delivered or made available to Buyer true and complete copies of all licenses and arrangements (including amendments) set forth on <u>Schedule 3.19(i)(b)</u> and <u>Schedule 3.19(iii)</u>.
- Company and Flow LP have valid licenses to all Software that is part of the Licensed Intellectual Property (the "Licensed Software"), and the use by the Acquired Company and Flow LP of the Licensed Software (including without limitation all modifications and enhancements thereto) in the conduct of the Business as now conducted is in compliance with the terms and provisions of such licenses, except where the failure to be in compliance would not have a Material Adverse Effect. Any Software that is material to the conduct of the Business as now conducted, that does not constitute Licensed Software and that was developed by or for the Acquired Company or by Flow LP is listed on Schedule 3.19(iv)(b) (collectively, the "Owned Software"). The Acquired Company and Flow LP own all right, title and interest in and to the Owned Software, free and clear of Liens other than Permitted Liens. To Sellers' Knowledge, none of the Owned Software, and no current use thereof by the Acquired Company or Flow LP or permitted use by their licensees, infringes upon or violates any registered Intellectual Property of any Person, and no claim or demand with respect to any such infringement or violation has been made to Sellers or to the Acquired Company or Flow LP or, to Sellers' Knowledge, threatened.
- 3.20 Brokers and Finders. Except for Banc of America Securities LLC, whose fee will be paid by PCC, neither Sellers nor any of their respective officers, directors or employees have employed any broker, finder or investment banker or incurred any liability for any commission, brokerage or investment-banking fee or finder's fee in connection with the transactions contemplated by this Agreement.
- 3.21 Insurance. Schedule 3.21 contains a list of insurance policies maintained by PCC or any Seller for the benefit of or in connection with the Business. Prior to Closing, Schedule 3.21 will be updated to contain a complete list of all such policies. Such policies are in full force and effect, and all premiums due thereon have been paid. Sellers, the Acquired Company and Flow LP have complied in all material respects with the terms and provisions of

- such policies. Schedule 3.21 also sets out all claims made by Sellers under any policy of insurance during the past two years with respect to the Business.
- 3.22 Territorial Restrictions. Except as set forth on Schedule 3.22, neither the Acquired Company nor Flow LP is restricted by any Contract with any other Person from carrying on the Business anywhere in the world, and to Sellers' Knowledge, no Contract to be transferred to or assumed by Buyer pursuant hereto will result in Buyer becoming restricted in carrying on the Business anywhere in the world.
- Company or any officer or employee of any of them (or any other Person acting on behalf of any Seller or the Acquired Company) has, with respect to the Business, directly or indirectly, within the past three years, and to Sellers' Knowledge, the two years prior to such three-year period, given or agreed to give any gift or similar benefit to any customer or governmental employee who was in a position to help or hinder the Business which subjected or would reasonably be expected to subject the Acquired Company or Flow LP with respect to the Business to any penalty in any civil, criminal or governmental litigation or proceeding under applicable Law, including the United States' Foreign Corrupt Practices Act and the Laws of the countries ratifying and implementing the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.
- 3.24 Aftermarket Locations and Services. Schedule 3.24 contains a complete and correct list of all Aftermarket Locations. For the purposes of this Section 3.24, "Aftermarket Location" means any office or location at or from which the Acquired Company or Flow LP provides aftermarket parts and services ("Aftermarket Services") in connection with the Business.
- 3.25 Operation of the Business. Except as set forth on Schedule 3.25, and except for the Shared Assets and Services, (a) PCC conducts the Business only through the Acquired Company and Flow LP and not through any other divisions or any other direct or indirect subsidiary or affiliate of PCC and (b) no part of the Business is operated by PCC through any entity other than the Acquired Company or Flow LP.
- 3.26 Supplements to Disclosure Schedule. Prior to the Closing, Sellers may supplement or amend the Schedules to this Agreement with respect to any matter arising after the date hereof which, if existing or occurring at or prior to the date of this Agreement, would have been required to be set forth or described in the Schedules. No supplement or amendment to the Schedules made pursuant to this Section 3.26 shall be deemed to cure any breach of any representation or warranty made in this Agreement unless Buyer agrees in writing.
- 3.27 Disclaimer of Other Representations and Warranties. Any claims Buyer may have for breach of representation or warranty shall be based solely on the representations and warranties of Sellers set forth in Article III hereof. Except for the representations and warranties set forth in Article III, the Shares and the Assets are being sold with no other representations or warranties.

ARTICLE IV

COVENANTS

- 4.01 Access to Properties, Books and Records. Prior to the Closing Date, Sellers shall, at Buyer's request, afford or cause to be afforded to the agents, attorneys, accountants, consultants and employees of Buyer reasonable access during normal business hours to all properties, books and records of the Acquired Company and Flow LP with respect to the Business, in each case that would not obligate the Acquired Company or Flow LP to take any action that would unreasonably disrupt the normal course of the Acquired Company's or Flow LP's business or violate the terms of any Contract to which the Acquired Company or Flow LP is bound. Prior to the Closing Date, Buyer shall not contact any customers or employees of Sellers or the Acquired Company without PCC's prior written consent. Notwithstanding anything to the contrary in this Agreement, without the written consent of PCC, in no event shall any access to the facilities of the Acquired Company or Flow LP after the date of this Agreement include the right to conduct any intrusive drilling, testing or sampling in connection with any environmental investigation, assessment or due diligence conducted by Buyer. All information obtained pursuant to this Section 4.01 shall be subject to the terms of the Confidentiality Agreement.
- 4.02 Exclusive Dealing. During the period from the date of this Agreement to the earlier of the Closing Date or the termination of this Agreement in accordance with its terms, PCC and Sellers shall not and PCC and Sellers shall not authorize any of their Affiliates, or any officer or director of PCC, Sellers or any of their Affiliates, or any representative of any of the foregoing (including financial advisors, investment bankers, agents, attorneys, employees or consultants) to, take any action to, directly or indirectly, encourage, initiate, solicit or engage in discussions or negotiations with or provide any information to any Person concerning any purchase of the capital stock or assets of the Acquired Company or Flow LP with respect to the Business or any merger or similar transaction involving the Acquired Company or Flow LP with respect to the Business that would frustrate the purposes of this Agreement. PCC, Sellers and their representatives immediately shall cease all existing discussions, conversations, negotiations and other communications with any Persons conducted heretofore with respect to any of the foregoing (other than with Buyer).
- 4.03 Conduct of Business Pending the Closing. Prior to the Closing, except as contemplated by this Agreement, as required by applicable Law or with the prior written consent of Buyer, PCC and Sellers shall, and shall cause the Acquired Company and Flow LP to:
- (i) Operate the Business only in the ordinary course consistent with past practice;
- (ii) Use commercially reasonable efforts to maintain the tangible assets of the Business in current operating condition, reasonable wear and tear excepted, consistent with past practice;

- (iii) Not cancel or take any action that would result in the cancellation of any insurance coverage maintained for the benefit of the Acquired Company or Flow LP insuring the Acquired Company or the Assets;
- (iv) Not repurchase, redeem or otherwise acquire any of the Shares or issue any shares of the Acquired Company;
- (v) Not change any salaries or other compensation of, or pay any bonuses to, any employee of the Acquired Company or Flow LP employed in the Business, or enter into any employment, severance or similar agreement with any employee of the Acquired Company or Flow LP employed in the Business; provided however, that the compensation of employees may be changed in the ordinary course of business consistent with past practice;
- (vi) Not adopt or increase any benefits under any profit sharing, bonus, deferred compensation, savings, insurance, pension, retirement or other benefit plan for or with any of the employees of the Acquired Company or Flow LP with respect to the Business;
 - (vii) Not modify or amend in any material respect any Material Contract;
- (viii) Not make any change in accounting methods or practices (including changes in reserve or accrual policies) other than as required by changes in U.S. GAAP;
- (ix) Not make, change or revoke any material Tax election in respect of the Business (other than in the ordinary course consistent with past practice), or settle or compromise any material Tax liability relating to the Business, in each case that would reasonably be likely to affect the Tax liability of the Business;
- (x) Not sell, lease or otherwise dispose of any asset or property with a net book value in excess of \$100,000 other than Inventories sold in the ordinary course of business;
- (xi) Not terminate or close any facility, business or operation of the Acquired Company or Flow LP with respect to the Business;
- (xii) Not settle, release or forgive any claim or litigation or waive any right thereto that relates to any of the Assets or the Assumed Liabilities other than in the ordinary course of business in amounts not to exceed \$50,000, but excluding any such claim or right that relates solely to any Excluded Asset;
- (xiii) Not hire any permanent (as opposed to temporary) employees at Flow LP except to replace employees whose employment terminates after the Closing Date, without the consent of Buyers; or
 - (xiv) Agree to do any of the foregoing.
- 4.04 Preservation of Books and Records. Except as provided in Sections 4.12(iv) and 4.21(ii), Sellers and Buyer agree that each of them shall preserve and keep the records held by them relating to the Business for the longer of (i) four years following the Closing Date and (ii) such longer period as required under applicable Law, and shall make such records and

personnel available to the other as may be reasonably required by such party in connection with, among other things, any insurance claims by, Legal Proceedings against or governmental investigations of Sellers or Buyer or in order to enable Sellers or Buyer to comply with their respective obligations under this Agreement and each other agreement, document or instrument contemplated hereby or thereby. In the event Sellers or Buyer wish to destroy such records within four years after the Closing Date, such party shall first give 90 days' prior written notice to the other, and such other party shall have the right at its option and expense, upon prior written notice given to such party within that 90-day period, to take possession of the records.

- Reasonable Best Efforts; No Inconsistent Action. Upon the terms and subject to the conditions set forth in this Agreement, each of the parties agrees to use its reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement, including the following: (i) taking all acts necessary to cause the conditions to Closing to be satisfied as promptly as practicable, (ii) subject to Section 4.06, obtaining all necessary actions or nonactions, waivers, consents and approvals from Governmental Bodies and making all necessary registrations and filings (if any, including filings with Governmental Bodies) and taking all steps as may be necessary to obtain an approval or waiver from or to avoid an action or proceeding by any Governmental Body, (iii) obtaining all necessary consents, approvals or waivers from third parties, (iv) defending any Lawsuits or other Legal Proceedings, whether judicial or administrative, challenging this Agreement or the consummation of the transactions contemplated hereby, including seeking to have any stay or temporary restraining order entered by any court or other Governmental Body vacated or reversed and (v) causing the execution and delivery of any additional instruments necessary to consummate the transactions contemplated by, and to fully carry out the purposes of, this Agreement. No party will take any action inconsistent with its obligations under this Agreement or that could hinder or delay the consummation of the transactions contemplated by this Agreement, except that nothing in this Section 4.05 shall limit the rights of either party to terminate this Agreement if permitted under Article VII.
- Government Approvals. Each of Buyer and Sellers will promptly, and in any event within fifteen Business Days after execution of this Agreement, make all filings or submissions as are required to obtain all Governmental Approvals listed on Exhibit 5.02 or Exhibit 6.02. Each of Buyer and Sellers will promptly furnish to the other such necessary information and reasonable assistance as the other may reasonably request in connection with its preparation of any filing or submission which is necessary to obtain any Governmental Approval. Each of Buyer and Sellers will promptly provide the other with copies of all written communications between each of them or their representatives, on the one hand, and any Governmental Body, on the other hand, with respect to this Agreement or the transactions contemplated hereby. Without limiting the generality of the foregoing, each of Buyer and Sellers will promptly notify the other of the receipt and content of any inquiries or requests for additional information made by any Governmental Body in connection therewith and shall promptly (i) comply with any such inquiry or request and (ii) provide the other with a description of the information provided to any Governmental Body with respect to any such inquiry or request. In addition, each of Buyer and Sellers will keep the other apprised of the status of any such inquiry or request.

4.07 Employee Matters.

- Buyer agrees to offer, prior to or on the Closing Date, employment as of the Closing Date to the Flow LP employees listed on Schedule 4.07(i) (the "Pumps Employees"). Arrangements for the provision of services by the Pumps Employees to the Valves Business will be as set forth in the Transition Services Agreement. Offers of employment to the Pumps Employees shall be on substantially the same economic terms as such employees receive from Flow LP on the date hereof with respect to base salary and commissions or hourly rate, as applicable. Nothing contained in this Agreement shall be considered to require the Acquired Company or Buyer to retain in employment any Pumps Employee for any specific length of time, other than as provided in the Transition Services Agreement. The Acquired Company or Buyer shall provide the Pumps Employees while they continue to be employed by the Acquired Company or Buyer with benefits (other than benefits for which newly hired employees cannot with further service become eligible) which are comparable in the aggregate to the benefits provided such employees immediately prior to the Closing Date. Buyer agrees to give all Pumps Employees credit for unused sick leave and vacation time which has been accrued as of the Closing Date and reflected on the Final Closing Statement in accordance with the Accounting Principles. Notwithstanding any other provision of this Agreement, Sellers and Buyer intend that all employee benefit matters covered herein comply with the applicable laws of the affected jurisdiction and, to the extent of any noncompliance, the provisions herein shall be reformed to achieve compliance in accordance with the intent of the parties hereto. Moreover, Sellers and Buyer do not intend hereby to create any third party beneficiary rights as to any employees respecting any provisions of this Agreement.
- (ii) Buyer shall be responsible for all obligations, if any, under the Worker Adjustment and Retraining Notification Act ("WARN") and applicable regulations thereunder with respect to any employment terminations of Pumps Employees or former Flow LP employees with respect to the Business on or after the Closing Date and shall indemnify Sellers in the event Sellers are held liable for any failure to comply with any obligations under WARN or this section.
- (iii) Buyer agrees to assume the obligation to provide and the responsibility for complying with all of the health benefit continuation requirements of Section 601, et. seq. of ERISA and Section 4980B of the Code with respect to all Pumps Employees and all individuals whose COBRA rights derive from Pumps Employees who are "M & A Qualified Beneficiaries" (within the meaning of Treas. Reg. Section 54.4980B-9, Q & A 4), other than any qualified beneficiaries who are receiving COBRA continuation coverage immediately prior to the Closing. In accordance with the terms of the Transition Agreement, Sellers will provide Buyer with data and information about Pumps Employees and former employees of Flow LP with respect to the Business to enable Buyer to comply with the obligations it is assuming under this paragraph, including the obligation to provide any election notices required under ERISA or the Code to M & A Qualified Beneficiaries covered by this paragraph.
- (iv) Following the Closing, PCC shall determine the aggregate amount payable to the participants who are Pumps Employees (the "Participants") under the Flow Technologies' Performance Bonus Plan for Fiscal Year 2005 (the "Bonus Plan") for the portion of the Acquired Company's and Flow LP's fiscal year completed prior to the Closing. Buyer shall cooperate

with Sellers in calculating the Bonus Amounts. The amounts determined by Sellers to be payable (the "Bonus Amounts") shall be determined under the terms of the Bonus Plan but comparing the actual results year-to date through Closing Date to the budget for the same period and prorating the budget for any partial month. The Bonus Amounts so determined by Sellers shall be reflected as the accrued liability in respect of the Bonus Plan in the Final Closing Statement. Buyer agrees that it will, within 30 days following the Closing Date, pay to each of the Participants that portion of the accrued liability in respect of the Bonus Plan to which he or she is entitled.

- (v) After the Closing, the Acquired Company and Buyer will be responsible for any workers compensation claims arising out of the business of the Acquired Company or Flow LP with respect to the Business prior to Closing and shall assume the defense thereof, excluding such claims from employees or former employees of businesses sold prior to closing or for which operations have ceased prior to Closing. Buyer shall reimburse Sellers for any amounts that Sellers are billed or required to pay to any workers compensation insurer or administrator in respect of deductibles, self-insured amounts or similar payments relating to workers compensation or equivalent claims of employees of the Acquired Company or former employees of Flow LP with respect to the Business that are billed to Sellers, and Buyer shall indemnify Sellers with respect to any such amounts.
- (vi) Buyer will assume or become the sponsor of the employee benefit plans listed on Schedule 3.08(ii)(a) that are sponsored or maintained by the Acquired Company or Flow LP to the extent provided in the Employee Benefits Services Agreement and shall thereafter be responsible (and Sellers shall not be responsible) for ongoing maintenance of such plans.
- (vii) Prior to Closing, Sellers will provide Buyer with updated information on the Pumps Employees of the same type provided for in Section 3.08(iv)(a).
- (viii) Sellers shall reimburse Buyer for severance costs payable, if any, by Buyer or its Affiliates under the Transition Services Agreement.

4.08 Insurance Arrangements.

the Business for periods prior to Closing is maintained by Sellers or their Affiliates (other than the Acquired Company). Buyer acknowledges and agrees that, upon Closing, all insurance coverage provided in relation to the Business pursuant to policies maintained by any Seller or their Affiliates (other than the Acquired Company) whether such policies are maintained with third party insurers or with a Seller or its Affiliates (other than the Acquired Company) shall cease, and no further coverage shall be available to the Acquired Company under any such policies that are "claims-made" basis policies, but (subject to the terms of any relevant policy) without prejudice to any accrued claims which the Acquired Company, Flow LP or any Seller or Affiliate may have at Closing, provided that Buyer (pursuant to Section 4.08(iii)) and the Acquired Company shall retain the benefit of "occurrence"-based policies of insurance in relation to liabilities for events occurring prior to Closing but in respect of which no claim has yet arisen at the time of Closing.

- (ii) Sellers shall use reasonable best efforts to cause each "occurrence"-based liability policy of insurance with coverage applicable to the Business that is in effect as of the Closing Date to be amended so that Buyer and its Affiliates set forth on Exhibit 4.08(ii) shall be named as additional insured persons under such insurance policy, but only with respect to claims arising from events occurring prior to the Closing Date. Sellers shall cause to be delivered to Buyer evidence of such additional insured status, if obtained.
- Buyer and Sellers agree that, upon the request of Buyer, any claims made under the "occurrence" based insurance policies applicable to the Business maintained by Sellers and their Affiliates and referred to in Section 4.08(i) in respect of the Business shall be administered and collected by Sellers (or by a claims handler appointed by Sellers) on behalf of Buyer. Buyer shall cooperate fully with Sellers to enable Sellers to comply with the requirements of the relevant insurer, and Buyer shall provide such information and assistance as Sellers may reasonably request in connection with any such claim. Sellers shall pursue claims on behalf of Buyer or the Acquired Company for recovery in respect of the policies attributable to the Business as requested by Buyer. Any monies received by Sellers as a result of such claims and allocable to the Business shall be paid over to the Acquired Company or Buyer, net of all reasonable costs and expenses of recovery (including, without limitation, all reasonable handling and collection charges by any claims handler appointed by Sellers). Except in connection with any Retained Right, Buyer agrees to reimburse Sellers for any deductibles, payments following reservations of rights or similar payments relating to the Acquired Company and Flow LP that are billed to Sellers as the holder of the policy in connection with the type of claims described in this paragraph, and Buyer shall indemnify Sellers with respect to any such amounts.
- (iv) No provisions of this Section 4.08 are intended to assign to Buyer insurance coverage or benefits otherwise available to Sellers and Flow LP for liabilities arising from Product Liability Sellers.
- 4.09 Resolution of Shared Assets and Services. Exhibit 4.09 sets forth assets and services that are shared between the Acquired Company and Flow LP (with respect to the Business), on the one hand, and Sellers or Affiliates of Seller, other than the Acquired Company or Flow LP (other than with respect to the Business), on the other hand, (the "Shared Assets and Services") and the agreed means of allocating responsibility and benefit among the parties.
- 4.10 Intercompany Matters. All Intercompany Receivables and Intercompany Payables shall be eliminated immediately prior to Closing, other than the Intercompany Trade Receivables and Intercompany Trade Payables, which shall remain rights of the Acquired Company and Buyer, on the one hand, and obligations of Sellers and Sellers' Affiliates other than the Acquired Company and Flow LP with respect to the Business, on the other hand, after the Closing Date.
- 4.11 Use of Trade Name. Buyer acknowledges Sellers' and the Acquired Company's exclusive rights in the United States and in various jurisdictions in and to the trade name "PCC" and the related trademark and shall not contest the same or assist any third party in so doing. Buyer shall have the right to use the trade name "PCC" only as it appears on existing inventories of product packaging and forms (excluding letterhead and purchase order forms) transferred to Buyer hereunder for a period of time commencing on the date of the Closing and expiring three

months thereafter or at such time as such inventories have been exhausted by Buyer, if earlier. Nothing contained in this Section 4.11 shall be deemed to give Buyer the right to reorder any product packaging or forms displaying the trade name "PCC" nor shall Buyer have any right to use any existing inventories of letterhead or purchase order forms displaying the trade name "PCC."

4.12 Tax Matters. The following provisions shall govern the allocation of responsibility as between Buyer and Sellers for certain tax matters following the Closing Date:

(i) Tax Indemnification.

- Sellers' Tax Indemnification. Sellers shall indemnify Buyer's Indemnified Persons from and against (a) all Taxes (or the nonpayment thereof) of the Acquired Company for all taxable periods ending on or before the Closing Date and the portion through the end of the Closing Date for any taxable period that includes (but does not end on) the Closing Date ("Pre-Closing Tax Period"), (b) any and all Taxes of any member of an affiliated, consolidated, combined or unitary group of which the Acquired Company or any of its affiliates (or any predecessor of any of the foregoing) is or was a member on or prior to the Closing Date, including pursuant to Treasury Regulation Section 1.1502-6 or any analogous or similar state, local or foreign law or regulation, (c) any and all Taxes of any Person (other than the Acquired Company) imposed on the Acquired Company as a transferee or successor, by Contract or pursuant to any law, rule or regulation, which Taxes relate to an event or transaction occurring on or before the Closing Date, and (d) any and all Taxes that are Excluded Liabilities; provided, however, that this provision shall not apply to Taxes with respect to extraordinary transactions effected by Buyer, its permitted assignees pursuant to Section 9.01 or the Acquired Company on the Closing Date but after Closing; provided, further, that in the case of clauses (a), (b), (c) and (d) above. Sellers shall not be liable to the extent that such Taxes are not in excess of the amount, if any, reserved for such Taxes (excluding any reserve for deferred Taxes established to reflect timing differences between book and Tax income) on the face of the Final Closing Statement (rather than in any notes thereto). For purposes of this Section 4.12(i)(a), Taxes shall not be reduced as a result of any Tax benefits or attributes carried back from any period after the Closing Date.
- (b) <u>Buyer's Tax Indemnification</u>. Buyer shall cause to be paid and shall indemnify Sellers' Indemnified Persons against all Taxes (or the nonpayment thereof) of the Acquired Company for all taxable periods beginning after the Closing Date and the portion beginning on the day after the Closing Date for any taxable period that begins on or before the Closing Date but does not end on the Closing Date; *provided, however*, that this paragraph (b) shall also apply to Taxes with respect to extraordinary transactions effected by Buyer, its permitted assignees pursuant to Section 9.01 or the Acquired Company on the Closing Date but after Closing.
- (c) <u>Straddle Period</u>. In the case of any taxable period that includes (but does not end on) the Closing Date (a "<u>Straddle Period</u>"), the amount of any Taxes based on or measured by income, sales Taxes, employment Taxes and other Taxes that are readily

apportionable based on an actual or deemed closing of the books that are payable with respect to the Pre-Closing Tax Period shall be determined based on an interim closing of the books as of the close of business on the Closing Date (excluding for this purposes Taxes with respect to extraordinary transactions effected by Buyer, the Permitted Assignees or the Acquired Company after Closing), and in the case of all other Taxes payable with respect to the Pre-Closing Tax Period shall be equal to the amount of such Taxes for the entire Straddle Period multiplied by a fraction, the numerator of which is the number of days in the Straddle Period up to and including the Closing Date and the denominator of which is the number of days in the entire Straddle Period.

- (d) <u>Tax Indemnification Claims</u>. Any claim for indemnification under this Section 4.12 shall be made in accordance with Article VIII below.
- (ii) Responsibility for Filing Returns. Buyer shall prepare or cause to be prepared and file or cause to be filed all Returns for the Acquired Company that are filed after the Closing Date other than Income Tax Returns with respect to periods for which a consolidated, unitary or combined Income Tax Return of Sellers will include the operations of the Acquired Company and other than Returns that relate entirely to a Pre-Closing Tax Period, which, in each case, shall be filed by Sellers. Buyer shall permit Sellers a reasonable opportunity (which in no event shall be less than 10 days) to review and comment on Straddle Period Returns prior to filing and shall make such revisions to such Straddle Period Returns as are reasonably requested by Sellers. Sellers shall permit Buyer a reasonable opportunity (which in no event shall be less than 10 days) to review and comment on Returns relating to Pre-Closing Tax Periods. Returns for the Acquired Company filed with respect to Pre-Closing Tax Periods shall be filed in a manner consistent with past practice.
- (iii) Refunds and Tax Benefits. Any Tax refunds that are received by Buyer or the Acquired Company, and any amounts credited against Tax to which Buyer or the Acquired Company becomes entitled, that relate to Tax periods or portions thereof ending on or before the Closing Date shall be for the account of Buyer and the Acquired Company, and Sellers shall pay over to Buyer and the Acquired Company any such refund or the amount of any such credit within 15 days after receipt.
- (iv) Cooperation on Tax Matters. Buyer and Sellers shall cooperate fully, as and to the extent reasonably requested by the other party, in connection with the filing of Returns pursuant to this Section 4.12 and any audit, litigation or other proceeding with respect to Taxes. Such cooperation shall include the retention and (upon the other party's request) the provision of records and information that are reasonably relevant to any such audit, litigation or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. Buyer and Sellers agree (a) to retain all books and records with respect to Tax matters pertinent to the Acquired Company relating to any taxable period beginning on or before the Closing Date until the expiration of the statute of limitations (and, to the extent notified by Buyer or Sellers, any extensions thereof) of the respective taxable periods, and to abide by all record retention agreements entered into with any taxing authority and (b) to give the other party at least 60 days written notice prior to transferring, destroying or discarding any such books and records and, if the other party so requests, Buyer or Sellers, as the case may be, shall allow the other

- party to take possession of such books and records. Buyer and Sellers further agree, upon request, to use commercially reasonable efforts to obtain any certificate or other document from any Governmental Body or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed (including, but not limited to, with respect to the transactions contemplated hereby).
- (v) <u>Tax-Sharing Agreements</u>. All tax-sharing agreements or similar agreements with respect to or involving the Acquired Company shall be terminated as of the Closing Date and, after the Closing Date, the Acquired Company shall not be bound thereby or have any liability thereunder.
- (vi) <u>Certain Taxes and Fees</u>. All transfer, documentary, sales, use, stamp, registration and other such Taxes, and all conveyance fees, recording charges and other fees and charges (including any penalties and interest), incurred in connection with the consummation of the transactions pursuant to by this Agreement shall be borne 50/50 by Buyer and Sellers; provided, however, Buyer shall be solely responsible for payment of all Taxes with respect to extraordinary transactions effected by Buyer, the Permitted Assignees or the Acquired Company on the Closing Date but after Closing.
- (vii) <u>Code Section 1445</u>. Prior to Closing, each Seller shall deliver to Buyer or its permitted assigns appropriate certifications establishing an exemption from withholding required pursuant to Section 1445 of the Code upon the transfer of the Shares or the Assets hereunder.
- 4.13 Settlement of Foreign Exchange Contracts. Following Closing, Buyer will or will cause the Acquired Company to settle any forward hedging Contracts providing for the purchase or sale of currencies which are entered into by the Acquired Company in the ordinary course of business and existing as of Closing between PCC and the Acquired Company or Flow LP in a manner consistent with prior practice between the Acquired Company, Flow LP and PCC. Schedule 4.13 lists all such forward hedging Contracts current as of a date within two Business Days prior to the date hereof. Within five Business Days after the Closing Date, Sellers will provide Buyer with an updated list of such forward hedging Contracts that is current as of the Closing Date.

4.14 Buyer Actions Regarding Sellers' Commitments.

(i) Schedule 4.14(i) lists Sellers' Commitments for the benefit of the Acquired Company and Flow LP with respect to the Business as of the date of this Agreement. Among the Commitments, Sellers maintain one or more facilities with financial institutions that provide for issuance of letters of credit or bank guarantees for benefit of the Acquired Company and Flow LP (the "Letters of Credit"), which Letters of Credit provide for (a) direct payment draws by vendors of the Acquired Company and Flow LP to satisfy amounts payable under purchase orders issued to the vendors by the Acquired Company and Flow LP and (b) contingent draws by beneficiaries to satisfy obligations arising under contractual arrangements. Following the Closing, Buyer shall, and shall cause the Acquired Company to, directly reimburse the financial institutions for any draws under the Letters of Credit and shall indemnify Sellers for

any amounts actually paid by Sellers under the Letters of Credit following the Closing in respect of any amounts paid by Sellers pursuant to the Commitments listed on Schedule 4.14(i).

- (ii) Within 90 days following the Closing, Buyer agrees that it will use its reasonable best efforts to cause the parties holding the Letters of Credit to release Sellers or cancel the Letters of Credit.
- (iii) Within 90 days following the Closing, Buyer agrees that it will use reasonable best efforts to cause Sellers' Commitments listed on Schedule 4.14(i) (other than Letters of Credit, which are addressed in paragraph 4.14(ii) above) to be replaced and cause the beneficiaries of the Commitments to release Sellers from the obligations thereunder. Buyer agrees to indemnify Sellers for any amounts actually paid by Sellers after the Closing Date pursuant to the Commitments in respect of obligations that are outstanding on the Closing Date or that are incurred by the Acquired Company after the Closing Date.
- (iv) For purposes of this Section 4.14, "Commitment" shall mean any Letters of Credit and any financial commitment or support provided by Sellers to enable the Acquired Company or Flow LP to issue performance bonds, guarantees, bid bonds, letters of credit, bank guarantees or similar instruments or to incur indebtedness, in each case in connection with the Business.
- vehicles used in the conduct of the Business listed on Schedule 4.15 are held by PCC (the "Vehicle Leases"), and the lease payments under the Vehicle Leases are paid by the Acquired Company and Flow LP. From and after the date hereof through the Closing Date the parties will use their reasonable best efforts to cause the Vehicle Leases to be assigned to and assumed by the Acquired Company or by Buyer. In the event the parties are unable to cause the Vehicle Leases to be assigned to and assumed by the Acquired Company or by Buyer, Buyer and Sellers will use commercially reasonable efforts to achieve a resolution of this matter which would operationally and economically achieve the objectives of such assignment.
- 4.16 Stay Bonus Arrangements. PCC agrees that it is responsible to pay all amounts owed to employees of the Acquired Company or Flow LP under the stay bonus arrangements entered into between PCC and certain employees of the Acquired Company or Flow LP prior to Closing.
- 4.17 Press Releases. Neither PCC and Sellers nor Buyer shall issue any press release or public announcement concerning this Agreement or the transactions contemplated hereby without obtaining the prior written approval of the other party hereto, which approval will not be unreasonably withheld or delayed, unless, based upon advice of their respective legal counsel, disclosure is otherwise required by applicable Law or by the applicable rules of any stock exchange on which Buyer or PCC lists securities, provided that, to the extent required by applicable Law, the party intending to make such release shall use its reasonable efforts consistent with such applicable Law to consult with the other party with respect to the text thereof.

- 4.18 Further Actions. After the Closing, each of the parties will take such further action (including the execution and delivery of such further instruments and documents) as any other party may reasonably request to carry out the purposes of this Agreement.
- 4.19 Collection of Payments. Following the Closing, (a) Sellers will promptly, and in any event, not later than seven days following receipt, forward to Buyer any payments received by Flow LP which are included in the Assets, and any checks, drafts or other instruments payable to Flow LP will, when so delivered, bear all endorsements required to effectuate the transfer of the same to Buyer pursuant to this Agreement, (b) Flow LP will promptly forward to Buyer any mail or other communications received by Sellers relating to the Assets or the Assumed Liabilities, (c) Buyer will promptly, and in any event, not later than seven days following receipt, forward to PCC any payments received by Buyer which are included in the Excluded Assets, and any checks, drafts or other instruments of payment shall, when so delivered, bear all endorsements required to effect the transfer of the same to PCC or the applicable Seller and (d) Buyer will promptly forward to PCC any mail or other communications received by Buyer relating to the Excluded Assets.

4.20 Non-Competition; Non-Solicitation.

- PCC agrees for the benefit of Buyer that, effective as of the Closing Date (i) and thereafter until the fifth anniversary of the Closing Date, neither PCC nor any of its Affiliates (while such Person is an Affiliate of PCC) shall, directly or indirectly, conduct or participate or engage in any business that is competitive with the Business on the date hereof or on the Closing Date in any geographic area in which such Business is currently conducted or is conducted in the future) (any act prohibited by this section, a "Competing Activity"), provided, however, that this clause shall not prevent, nor shall it be construed to prevent PCC or any of its Affiliates from making any acquisition (whether by way of assets, stock, or otherwise) of an interest in, or any investment in, in either case whether directly or indirectly, and thereafter operate any business or entity that derives 10% or less of its gross revenues from a Competing Activity. Notwithstanding the foregoing, PCC may acquire a business or entity that derives more than 10% of its gross revenues from a Competing Activity provided (x) that such activities do not constitute the primary activity of such business or entity and (y) that PCC shall promptly (and in any event within one year) after any such acquisition sell, spin off or otherwise divest itself of the division, unit or other portion of the acquired business or entity that manufactures, sells or provides such competitive goods and services. Neither the business conducted by Sellers' Affiliate Environment One Corporation (low pressure grinder pumps) nor the Valves Business shall constitute a "Competing Activity."
- (ii) PCC further agrees neither it nor any of its Affiliates (while such Person is an Affiliate of PCC) shall for a period of two years after the Closing Date, directly or indirectly, on behalf of themselves, or on behalf of any other Person, partnership, corporation, limited liability company or other business entity, solicit for employment any Person who is an employee of the Acquired Company or Flow LP with respect to the Business as of the Closing Date, except where such employee's employment with Buyer after the Closing has been terminated involuntarily (or, if terminated voluntarily, after 30 days have passed after the termination of employment) prior to the date of such solicitation. Advertisements of general circulation shall be permitted.

breach of this Section will be inadequate and further agrees that any breach of this Section will result in irreparable harm to the Buyer and the Business. Whenever possible, each provision of this Section shall be interpreted in such manner as to be effective and valid under applicable Law but if any provision of this Section shall be prohibited by or invalid under applicable Law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Section. If any provision of this Section shall, for any reason, be judged by any court of competent jurisdiction to be invalid or unenforceable, such judgment shall not affect, impair or invalidate the remainder of this Section but shall be confined in its operation to the provision of this Section directly involved in the controversy in which such judgment shall have been rendered. In the event that the provisions of this Section should ever be deemed to exceed the time or geographic limitations permitted by applicable Law, then such provision shall be reformed to the maximum time or geographic limitations permitted by applicable Law.

4.21 Assistance Relating to Asbestos Liability and Product Liability.

- (i) Buyer will cooperate with Sellers and their counsel in the contest or defense of, and make reasonably available its personnel and provide any testimony and access to its books and records in connection with, any proceeding involving or relating to any Asbestos Liability and Products Liability Sellers. Sellers shall reimburse Buyer for the actual out-of-pocket costs incurred by such personnel. In the event Buyer makes available any personnel in connection with any proceeding referred to in this paragraph, and such involvement impairs such personnel's ability to carry out its employment obligations to an unreasonable extent, Sellers and Buyer agree to negotiate in good faith a mutual accommodation with respect to compensating Buyer for the loss of services of any such personnel.
- cease to exist, Buyer shall retain the Historical Records. Buyer hereby agrees that it will maintain the Historical Records, in an agreed location, and shall not destroy any of the Historical Records without the written consent of Sellers. Buyer shall provide Sellers and their representatives and counsel reasonable access to the Historical Records during normal business hours and on at least two days' prior written notice. Notwithstanding the foregoing, after the Closing Date, Buyer may notify Sellers that it wishes to relinquish possession of the Historical Records to Sellers. In such event, Sellers may at their option, and at their expense, take possession of the Historical Records. If Sellers do not take possession of the Historical Records within three months after receipt of notice from Buyer that it elects to relinquish the Historical Records, Buyer may dispose of the Historical Records. Subsequent to Sellers taking possession of any Historical Records, Buyer and its representatives shall have reasonable access to the Historical Records during normal business hours and on at least two days' prior written notice for any valid business purpose.
- 4.22 Assistance Relating to Retained Rights. Buyer agrees that upon request of Sellers at any time after Closing, Buyer shall authorize and execute, any and all pleadings, documents, instruments, conveyances, Contracts, releases and the like in any way, directly or indirectly, involved in or with or related to ensuring the Sellers retain the Retained Rights.

Buyer shall use reasonable best efforts to assist Sellers in enforcing such rights against third parties.

- 4.23 Agreement with respect to Continuing Liabilities of Flow LP. PCC and Sellers agree that after the Closing, Flow LP shall retain assets sufficient to satisfy all Excluded Liabilities and any other contingent liabilities of Flow LP existing as of the Closing Date, or PCC shall otherwise provide for satisfaction of such liabilities.
- 4.24 Lease Notification. With respect to the leases for the following three locations: Cullman, Alabama; Lubbock, Texas; and Houston, Texas, Buyer shall notify Sellers within 14 days after the date hereof whether Buyer elects to assume any such lease at Closing. For any such lease which Buyer does not elect within such period to assume, Sellers shall give prompt notice of termination to the respective lessor and prior to the end of the terminated lease period, Buyer shall pay for the costs of removing any property used in the Business from such locations and transporting it to a location designated by Buyer. With respect to the lease for the Sacramento, California location (the "Sacramento Lease"), Buyer shall notify Sellers within 14 days after the date hereof whether Buyer elects to assume the Sacramento Lease at Closing. If Buyer does not elect within such period to assume the Sacramento Lease at Closing, Buyer shall pay to Seller all amounts payable by lessee under the Sacramento Lease (including, as applicable under the lease, rent, taxes and insurance) for the remaining term of the Sacramento Lease and shall pay to Seller the costs of removing any property used in the Business from such location and transporting it to a location designated by Buyer.
- 4.25 Defense of Litigation. Sellers shall retain control of the conduct and defense of the Scheduled Legal Proceedings. Buyer shall cooperate reasonably with Sellers in connection with the conduct and defense of the Scheduled Legal Proceedings, including, without limitation, by making available to Sellers all relevant information and the testimony of employees material to the defense of the claim or litigation. If Buyer is required to incur expenses for settlement, judgment, penalty or defense costs with respect to any Scheduled Legal Proceedings, Sellers shall not enter into any settlement of such Scheduled Legal Proceeding without Buyer's prior written consent to any settlement thereof, provided that such consent shall not be unreasonably withheld and shall be based on an evaluation of the merits of the case (using a reasonable, informed person standard). Subject to Buyer's consent rights set forth above, Buyer shall pay all Losses incurred by Buyer and Sellers in connection with the Scheduled Legal Proceedings, up to the amount of the Litigation Reserve, measured on an aggregate basis with respect to all Scheduled Legal Proceedings. Pursuant to Section 1.09(viii), Buyer shall not assume, and Sellers shall retain and indemnify Buyer against, any Losses in excess of the Litigation Reserve, measured on an aggregate basis, with respect to all Scheduled Legal Proceedings.
- **4.26** Transition Services. The parties agree to negotiate in good faith between the date hereof and the Closing Date to reach mutually acceptable terms and conditions of the Transition Services Agreements with reference to the non-binding Term Sheets attached hereto as Exhibits A, B and C
- 4.27 Obligation to Vacate Brookshire Property. Flow LP shall vacate the Brookshire Property, at its own cost and expense, and remove, or cause to be removed, from the Brookshire Property any and all property owned or leased by the owner or operator of the Valves

Business such that any and all property related primarily to the Valves Business shall be permanently removed from the Brookshire Property on or before the one year anniversary of the Closing Date.

ARTICLE V

CONDITIONS TO OBLIGATIONS OF BUYER

The obligations of Buyer under this Agreement are subject to satisfaction, at or prior to the Closing, of each of the following conditions (which may be waived by Buyer in whole or in part to the extent permitted by applicable Law):

5.01 Representations, Warranties and Covenants.

- (i) The representations and warranties of PCC and Sellers made in this Agreement shall be true and complete in all material respects (and with respect to representations and warranties that are qualified by Material Adverse Effect, such representations and warranties shall be true and complete in all respects) on and as of the Closing Date with the same force and effect as if made on and as of the Closing Date (except to the extent that any representation or warranty is made as of a specific date, in which case such representation or warranty shall be true and correct as of such date), and Buyer shall have received a certificate or certificates to such effect signed on behalf of PCC and Sellers by duly authorized officers of PCC and Sellers. For the purposes of this Section 5.01, a representation or warranty shall be considered "true and complete in all material respects (and with respect to a representation or warranty that is qualified by Material Adverse Effect, shall be considered "true and complete in all respects") unless the circumstances constituting the inaccuracy or omission have an adverse effect on the assets, financial condition or results of operation of the Business greater than \$500,000.
- (ii) All of the covenants, obligations and agreements to be complied with and performed by PCC and Sellers at or prior to the Closing shall have been complied with or performed in all material respects, and Buyer shall have received a certificate or certificates to such effect signed on behalf of PCC and Sellers by duly authorized officers of PCC and Sellers.
- (iii) Buyer shall have received a certificate or certificates of the secretaries of PCC and Sellers certifying as to the approval of PCC's and Sellers' Boards of Directors of the execution, delivery and performance of this Agreement.
- 5.02 Consents. The consents, waivers, approvals or other authorizations listed on Exhibit 5.02 shall have been obtained or otherwise satisfied.
- 5.03 Adverse Proceedings. No Order issued by any court of competent jurisdiction or other Governmental Body restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated by this Agreement shall be in effect.
- 5.04 No Material Adverse Change. No Material Adverse Change shall have occurred since March 28, 2004 and continue to exist.

5.05 Transition Services Agreements. The parties shall have agreed upon mutually acceptable terms and conditions of the Transition Services Agreements.

ARTICLE VI

CONDITIONS TO OBLIGATIONS OF PCC AND SELLERS

The obligations of PCC and Sellers under this Agreement are, at their option, subject to satisfaction, at or prior to the Closing, of each of the following conditions (which may be waived by Sellers in whole or in part to the extent permitted by applicable Law):

6.01 Representations, Warranties and Covenants.

- (i) The representations and warranties of Buyer made in this Agreement shall be true and complete in all material respects on and as of the Closing Date with the same force and effect as if made on and as of that date (except to the extent that any representation or warranty is made as of a specific date, in which case such representation or warranty shall be true and correct as of such date), and Sellers shall have received a certificate or certificates to such effect signed on behalf of Buyer by duly authorized officers of Buyer.
- (ii) All of the covenants, obligations and agreements to be complied with and performed by Buyer at or prior to the Closing shall have been complied with or performed in all material respects, and Sellers shall have received a certificate or certificates to such effect signed on behalf of Buyer by duly authorized officers of Buyer.
- (iii) Buyer shall have delivered to Sellers certified copies of the resolutions of the Board of Directors of Buyer authorizing the execution, delivery and performance of this Agreement.
- 6.02 Consents. The consents, waivers, approvals or other authorizations listed on Exhibit 6.02 shall have been obtained or otherwise satisfied.
- 6.03 Adverse Proceedings. No Order issued by any court of competent jurisdiction or other Governmental Body restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated by this Agreement shall be in effect.
- 6.04 Transition Services Agreements. The parties shall have agreed upon mutually acceptable terms and conditions of the Transition Services Agreements.

ARTICLE VII

TERMINATION

- 7.01 Right of Parties to Terminate. This Agreement may be terminated:
 - (i) by mutual written consent of PCC, Sellers and Buyer;

- (ii) by Buyer, if there has been a material violation or breach by PCC and Sellers of any covenant, representation or warranty contained in this Agreement which has prevented the satisfaction of any condition to the obligations of Buyer at the Closing, and such violation or breach has not been waived by Buyer or, in the case of a covenant breach, cured by Sellers with 30 days after written notice thereof from Buyer;
- (iii) by PCC and Sellers, if there has been a material violation or breach by Buyer of any covenant, representation or warranty contained in this Agreement which has prevented the satisfaction of any condition to the obligations of PCC and Sellers at the Closing, and such violation or breach has not been waived by PCC and Sellers or, in the case of a covenant breach, cured by Buyer with 30 days after written notice thereof from PCC and Sellers;
- (iv) by either Buyer or by PCC and Sellers, by written notice to the other party, if the Closing has not occurred on or prior to the close of business on January 31, 2005; provided, however, that the right to terminate this Agreement under this Section 7.01(iv) shall not be available to any party whose failure to fulfill or perform any obligation under this Agreement has been the cause of, or resulted in, the failure of the Closing to occur on or before such date; or
- (v) at the election of either Buyer or PCC and Sellers if there shall be in effect a final, non-appealable Order of a Governmental Body of competent jurisdiction restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated hereby.
- 7.02 Procedure upon Termination. In the event Buyer or PCC and Sellers, or both, elect to terminate this Agreement pursuant to Section 7.01, written notice thereof shall be given to the other party or parties, and this Agreement shall terminate, and the transaction contemplated shall be abandoned, without further action by Buyer or PCC and Sellers. If this Agreement is terminated as provided herein each party shall redeliver all documents, work papers and other materials of any other party relating to the transactions contemplated hereby, whether so obtained before or after the execution hereof, to the party furnishing the same.
- 7.03 Effect of Termination. If either Buyer or PCC and Sellers validly terminate this Agreement pursuant to Section 7.01, the parties hereto shall be released from all liabilities and obligations arising under this Agreement with respect to the matters contemplated by this Agreement; provided, that the obligations of the parties set forth in Section 7.02 (Procedure upon Termination), Section 4.17 (Press Releases) and Section 9.04 (Fees and Expenses) and the Confidentiality Agreement shall survive any such termination and shall be enforceable hereunder and thereunder; provided further, that nothing in this Section 7.03 shall relieve Buyer, PCC or Sellers of any liability for a breach of this Agreement.

ARTICLE VIII

SURVIVAL; INDEMNIFICATION

8.01 Survival. The representations, warranties, covenants and agreements made in this Agreement, in any certificate delivered at Closing or in any Ancillary Agreement shall

survive the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby and any termination or expiration of this Agreement.

- 8.02 Indemnification by Sellers. From and after the Closing, PCC and Sellers shall jointly and severally indemnify, hold harmless and, to the extent provided in this Article VIII, defend Buyer and its subsidiaries, shareholders, affiliates, officers, directors, employees, agents, successors and assigns (collectively, "Buyer's Indemnified Persons") from and against, and reimburse each of Buyer's Indemnified Persons with respect to, any and all losses, damages, liabilities, costs and expenses, including Interest from the date of such loss to the time of payment, penalties and reasonable attorneys' fees (collectively, "Losses") incurred by any of Buyer's Indemnified Persons by reason of or arising out of or in connection with:
- (i) any breach of any representation or warranty of PCC and Sellers made in Article III of this Agreement or any Ancillary Agreement;
- (ii) any failure by PCC or Seller to perform any covenant required to be performed by it pursuant to this Agreement or any Ancillary Agreement;
 - (iii) Products Liability Sellers;
 - (iv) Asbestos Liability;
 - (v) the tax matters specified in Section 4.12(i)(a);
 - (vi) any other Excluded Liabilities; and
- (vii) (a) any Third Party Claim, including a claim by a Governmental Body, for a Response Action required to meet applicable standards under Environmental Laws; (b) a Response Action required to meet applicable standards under Environmental Laws, in each case of (a) and (b), for Contamination from Contaminants Released (1) prior to the Closing Date on, at, to or from the Real Property or any real property previously owned, leased or occupied by the Acquired Company or Flow LP (or their respective Predecessors) or (2) by the Acquired Company or Flow LP (or their respective Predecessors) prior to the Closing Date; and (c) any Third Party Claim, including a claim by a Governmental Body, for a Response Action required to meet applicable standards under Environmental Laws for Contamination from Contaminants Released prior to Closing on, at, to or from any third party site at which the Acquired Company or Flow LP (or their respective Predecessors) sent Contaminants for treatment, disposal or storage (with respect to (a), (b) or (c), a "Pre-Closing Environmental Liability").
- 8.03 Indemnification by Buyer. From and after the Closing, Buyer shall indemnify, hold harmless and defend PCC and Sellers and their subsidiaries, shareholders, affiliates, officers, directors, employees, agents, successors and assigns (collectively, "Sellers' Indemnified Persons") from and against, and reimburse each of Sellers' Indemnified Persons with respect to, any and all Losses incurred by any of Sellers' Indemnified Persons by reason of or arising out of or in connection with:
- (i) any breach of any representation or warranty of Buyer made in Article II of this Agreement or any Ancillary Agreement;

- (ii) any failure by Buyer to perform any covenant required to be performed by it pursuant to this Agreement or any Ancillary Agreement;
 - (iii) the tax matters specified in Section 4.12(i)(b);
 - (iv) the Assumed Liabilities;
 - (v) Products Liability Buyer;
- (vi) (a) Any Third Party Claim, including a claim by a Governmental Body, for a Response Action required to meet applicable standards under an Environmental Law or (b) a Response Action required to meet applicable standards under Environmental Laws, in each case of (a) or (b), for Contamination from Contaminants Released (1) after the Closing Date by the Acquired Company or Buyer on, at, to or from the Real Property or (2) by the Acquired Company or Buyer after the Closing Date; and
 - (vii) any breach by Buyer of the provisions of Section 4.07(ii) or (iii).
- 8.04 Limitations on and Additional Agreements Regarding Indemnification.

 Notwithstanding the foregoing, the liability of PCC and Sellers or the liability of Buyer under Section 8.02 and Section 8.03, respectively, of this Agreement shall be subject to the following:

(i) General.

- by an indemnifying party ("Indemnitor") under Section 8.02 or 8.03 shall be net of (1) any amounts recovered by the indemnified party ("Indemnified Party") with respect to such Losses pursuant to any indemnification by or indemnification agreement with any third party in excess of any associated cost to the Indemnified Party in obtaining such indemnification; (2) any insurance proceeds or other reimbursement received as an offset against such Losses (and no right of subrogation shall accrue hereunder to any insurer or third-party indemnitor); provided the foregoing shall not include any insurance proceeds received by Buyer from insurance policies paid for and maintained by it for the benefit of the Business or otherwise and (3) an amount equal to the net cash tax benefit actually received attributable to such Losses. If the amount to be netted is determined after payment by the Indemnitor of any amount, the Indemnified Party shall repay to the Indemnitor, promptly after such determination, any amount that the Indemnitor would not have had to pay pursuant to this Section 8.04 had such determination been made at the time of payment.
- (b) Losses shall not include punitive, special, indirect or consequential damages suffered by an Indemnified Party unless incurred as a result of a Third Party Claim.
- VIII will be treated as an adjustment to the Final Purchase Price, except to the extent that the Laws of a particular jurisdiction provide otherwise, in which case such payments shall be made in an amount sufficient to indemnify the relevant party on an after-Tax basis (determined by reference to actual out-of-pocket Tax liability incurred by the relevant party).

- (ii) <u>PCC and Sellers' Liability</u>. The liability of PCC and Sellers under Section 8.02 is subject to the following:
- (a) no claim for indemnification under Section 8.02(i) will be effective if not made by Buyer within two years after the Closing Date, other than: (1) claims asserted with respect to the representations and warranties contained in Section 3.04 (Title to and Transfer of the Shares) and Section 3.09(iii) (Title to Tangible Personal Property with respect to the Assets only) which shall be unlimited as to time; (2) claims asserted with respect to the representations and warranties contained in Section 3.12 (Taxes) which claims may be made at any time before the expiration of the applicable statute of limitations; and (3) claims asserted with respect to any of the representations and warranties contained in Section 3.17 (Environmental Conditions) which claims may be made within six years after the Closing Date;
- (b) no claim for indemnification under Section 8.02(iii) will be effective if not made by Buyer within 15 years after the Closing Date;
- (c) no claim for indemnification under Section 8.02(vii) will be effective if not made by Buyer within six years after the Closing Date;
- (d) any claim for indemnification with respect to any of such matters identified in (a), (b) or (c) above which is not asserted by notice given as herein provided within such specified period of survival may not be pursued and is hereby irrevocably waived after such time;
- (e) solely for the purposes of determining whether a party is entitled to indemnification under Section 8.02(i) due to a breach of a representation or warranty, all qualifications contained in Article III as to "Material Adverse Effect" shall be disregarded;
- (f) PCC and Sellers shall not be required to pay or be liable for any Losses with respect to an individual claim (which individual claim shall include claims arising out of the same or substantially related circumstances) under Section 8.02(i) (except with respect to Section 3.12(iii) which shall not be subject to this Section 8.04(ii)(f)) unless and until the Losses for such claim exceed Fifty Thousand Dollars (\$50,000) (the "De Minimis Amount");
- respect to any claim for indemnification under Section 8.02(i), 8.02(iii) or 8.02(vii) unless and until the aggregate amount of Losses to Buyer's Indemnified Persons based upon, attributable to or resulting from these indemnities of Sellers exceed, in the aggregate, Seven Hundred Fifty Thousand Dollars (\$750,000) (the "Deductible"), disregarding any individual claim (which individual claim shall include claims arising out of the same or substantially related circumstances) that does not exceed the De Minimis Amount applicable pursuant to Section 8.04(ii)(f), and then only to the extent that such Losses exceed the Deductible;
- (h) The maximum aggregate amount of the liability of PCC and Sellers for all indemnification payments by PCC and Sellers with respect to all Losses of all of Buyer's Indemnified Persons under Section 8.02(i) and Section 8.02(vii) is an amount equal to Fourteen Million Dollars (\$14,000,000) (the "Cap"), other than the indemnity under Section 8.02(i) with respect to the representations and warranties contained in Sections 3.04

and 3.09(iii) (as it related to the Assets only), which indemnity shall be limited to the Purchase Price, and with respect to the representations and warranties contained in Section 3.12(iii), which indemnity shall not be subject to this Section 8.04(ii)(h);

- PCC and Sellers shall have no obligation under Section 8.02(i) with respect to a breach of a representation and warranty set forth in Section 3.17, and no obligation under Section 8.02(vii) with respect to a Pre-Closing Environmental Liability, to indemnify, defend and hold harmless Buyer's Indemnified Persons from and against any Losses arising in connection therewith ("Environmental Losses") to the extent that such Environmental Losses (1) result from (i) a change in the current use of a Real Property from industrial use to non-industrial commercial or residential use, or from non-industrial commercial use to residential use, or (ii) an investigation of environmental conditions on any Real Property involving physically invasive testing procedures such as soil and groundwater sampling, undertaken by or for Buyer's Indemnified Persons, other than any such investigation (A) required under applicable Environmental Law, (B) required by any Order issued under an Environmental Law or pursuant to a written request by a Governmental Body with authority under an Environmental Law to order such action (provided such written request has not been solicited by, or on behalf of Buyer's Indemnified Persons), (C) reasonably determined by a Buyer's Indemnified Person in good faith to be necessary in connection with any construction, maintenance or repair activity at any Real Property where such construction, maintenance or repair does or would reasonably be expected to require access to, or disturbance of, soil or groundwater or (D) a required action with respect to any Third Party Claim or (2) result from Response Actions that are inconsistent with the standard of care set forth in Subsection (j), below.
- effective manner, to standards applicable to the current use of properties and, to the extent applicable to that particular site, may include the use of risk-based cleanup standards, natural attenuation and deed restrictions to obtain closure where appropriate and available. After the Closing Date, Buyer's Indemnified Persons shall exercise due care with respect to the Contamination and take all reasonable and appropriate action to mitigate the extent of the Contamination and the related response costs.

8.05 Indemnification Procedure.

Third Party Claims.

knowledge thereof, provide the other party or parties against whom a claim for indemnification is to be made under this Article VIII with written notice of all third party actions, suits, proceedings, claims, demands or assessments that may be subject to the indemnification provisions of this Article VIII (collectively, "Third Party Claims"), which notice shall include a statement of the basis of the claim for indemnification, including a summary of the facts or circumstances that form the basis for the claim, a good faith estimate of the amount of Losses and copies of any pleadings or demands from the third party. Notwithstanding the foregoing, provided that such notice is in any event given within the survival periods stated in Section 8.04(ii), the failure to provide such notice shall not release the Indemnitor from any of its

obligations under this Article VIII, except to the extent that the Indemnitor is materially prejudiced by such failure, and shall not relieve the Indemnitor from any other obligation or liability that it may have to the Indemnified Party otherwise than under this Article VIII.

- (b) A potential Indemnitor shall have 30 days after its receipt of the claim notice to notify the potential Indemnified Party in writing whether or not the potential Indemnitor agrees that the claim is subject to this Article VIII and, if so, whether the Indemnitor elects to undertake, conduct and control, through counsel of its choosing (subject to the consent of the Indemnified Party, such consent not to be withheld unreasonably) and at its sole risk and expense, the settlement or defense of the Third Party Claim; provided, however, that if there exists or is reasonably likely to exist a conflict of interest which would make it inappropriate in the reasonable judgment of the Indemnitor for the same counsel to represent both the Indemnified Party and the Indemnitor, then the Indemnified Party shall be entitled to retain its own counsel at the expense of the Indemnitor.
- If within 30 days after its receipt of the claim notice the Indemnitor notifies the Indemnified Party that it elects to undertake the settlement or defense of the Third Party Claim, the Indemnified Party shall cooperate reasonably with the Indemnitor in connection therewith including, without limitation, by making available to the Indemnitor all relevant information and the testimony of employees material to the defense of the Third Party Claim. The Indemnitor shall reimburse the Indemnified Party for reasonable out-of-pocket costs incurred in connection with such cooperation. The Indemnified Party shall be entitled to approve any proposed settlement that would impose any obligation or duty on the Indemnified Party, which approval shall not be unreasonably withheld. So long as the Indemnitor is contesting the Third Party Claim and there exists no conflict of interest as described in Section 8.05(i)(b), (1) the Indemnified Party shall be entitled to participate in all aspects of the settlement or defense of the Third Party Claim through counsel and experts chosen by the Indemnified Party, at its expense, and (2) the Indemnified Party shall not pay or settle the Third Party Claim. Notwithstanding the foregoing, the Indemnified Party shall have the right to pay or settle any Third Party Claim at any time without the consent of the Indemnitor, provided that in such event it waives any right to indemnification therefor by the Indemnitor.
- (d) If the potential Indemnitor does not provide a responsive notice within the 30 day period set forth in Section 8.05(i)(b) or if the potential Indemnitor fails to contest or undertake settlement negotiations in connection with the Third Party Claim, the Indemnified Party shall thereafter have the right to contest, settle or reach a compromise with respect to the Third Party Claim at its exclusive discretion, at the risk and expense of the Indemnitor, and the Indemnitor will thereby waive any claim, defense or argument that the Indemnified Party's settlement or defense of such Third Party Claim is in any respect inadequate or unreasonable. Notwithstanding the foregoing, if the potential Indemnitor fails to provide a responsive notice within the 30 day time period set forth in Section 8.05(i)(b), the potential Indemnified Party shall provide one fax notice of such Third Party Claim to an officer of the potential Indemnitor. If the Potential Indemnitor does provide a responsive notice within three days after receipt of such fax notice, the potential Indemnitor shall not be deemed by such failure to have accepted liability for the Third Party Claim except to the extent that the Indemnified Party is materially prejudiced by the failure to provide notice within the 30 day period.

- (e) <u>Asbestos Claims</u>. Any Asbestos Claims shall be governed by the procedures set forth in this Section 8.05, except that Sellers shall be obligated to control and defend all Asbestos Claims and any related legal proceedings to obtain coverage for Asbestos Claims under the Acquired Company's and Flow LP's insurance policies. Buyer will cooperate with Sellers in defending Asbestos Claims, including but not limited to granting Sellers reasonable access during regular business hours to the books, records and employees of the Acquired Company and Flow LP with respect to the Business.
 - (f) Procedures for Handling Products Liability.
 - (1) Products Liability Sellers: Any claim for Products Liability Sellers shall be governed by the procedures set forth in this Section 8.05, except that PCC and Sellers shall be obligated to control and defend all claims for Products Liability Sellers and any related legal proceedings to obtain coverage for claims for Products Liability Sellers under applicable insurance policies. Buyer will cooperate with PCC and Sellers in defending claims for Products Liability Sellers, including but not limited to granting PCC and Sellers reasonable access during regular business hours to the books, records and employees of the Acquired Company and Flow LP with respect to the Business.
 - (2) Products Liability Buyer: Any claim for Products Liability Buyer shall be governed by the procedures set forth in this Section 8.05, except that Buyer shall be obligated to control and defend all claims for Products Liability Buyer and any related legal proceedings to obtain coverage for claims for Products Liability Buyer under applicable insurance policies. PCC and Sellers will cooperate with Buyer in defending claims for Products Liability Buyer, including but not limited to granting Buyer reasonable access during regular business hours to the books and records of the Acquired Company and Flow LP with respect to the Business which are in the possession or control of PCC and Sellers.

(ii) <u>Non-Third Party Claims</u>.

- (a) Each party shall deliver to the other party or parties against whom a claim for indemnification is to be made under this Article VIII written notice of any claims for indemnification under this Article VIII, other than Third Party Claims, which notice shall include a statement of the basis of the claim for indemnification, including a summary of the facts or circumstances that form the basis for the claim, and a good faith estimate of the amount of Losses, to the extent past Losses are known or future Losses are reasonably estimable.
- (b) A potential Indemnitor shall have 30 days after its receipt of the claim notice to notify the potential Indemnified Party in writing whether or not the potential Indemnitor agrees that the claim is subject to this Article VIII. If the potential Indemnitor does not provide a responsive notice to the Indemnified Party within the required 30-day period, the Indemnitor shall be deemed to accept liability for all Losses described in the claim notice. Notwithstanding the foregoing, if the potential Indemnitor fails to provide a responsive notice within such 30 day time period the potential Indemnified Party shall provide one fax notice of such claim to an officer of the potential Indemnitor. If the potential Indemnitor does provide a responsive notice within three days after receipt of such fax notice, the potential Indemnitor shall

not be deemed by such failure to have accepted liability for the claim except to the extent that the Indemnified Party is materially prejudiced by the failure to provide notice within the 30 day period.

(iii) Tax Claims.

- (a) After the Closing, Buyer or the Permitted Assignees, as the case may be, shall notify the Sellers in writing, no later than 30 days after receipt thereof, of any written notice of a proposed assessment or claim in any Tax audit or administrative or judicial proceeding of Buyer, the Permitted Assignees, the Acquired Company or their subsidiaries, as the case may be, which, if determined adversely to the taxpayer, would be grounds for indemnification under this Article VIII. Such notice to the Sellers shall contain factual information (to the extent known to Buyer, the Permitted Assignees, the Acquired Company or their subsidiaries, as the case may be) describing the relevant Tax liability in reasonable detail and shall include copies of any notice or other document received from the Governmental Body in respect thereof; provided however, that the failure to give such notice will not affect the rights of Buyer, the Permitted Assignees, the Acquired Company or their subsidiaries, as the case may be, to indemnification under this Article VIII except to the extent, if any that, but for such failure, the Sellers could have avoided all or a portion of the Tax liability in question.
- In the case of an audit or administrative or judicial proceeding that relates to a Pre-Closing Tax Period, provided that the Sellers acknowledge in writing its liability under this Agreement to hold Buyer, the Permitted Assignees, the Acquired Company or their subsidiaries, as the case may be, harmless against the full amount of any adjustment which may be made as a result of such audit or proceeding that relates to such Pre-Closing Tax Period or a material item thereof (or in the case of any Straddle Period, against an adjustment allocable under Section 4.11(i)(c) to the portion of such Straddle Period ending on or before the Closing Date), the Sellers shall have the right at its expense to participate in and control the conduct of such audit or proceeding or portion thereof relating to such material item, but only to the extent that such audit or proceeding or portion thereof relates solely to a potential adjustment for which the Sellers has acknowledged its liability; Buyer and its permitted assigns, as the case may be, may also participate in any such audit or proceeding and, if the Sellers do not assume the defense of any such audit or proceeding, Buyer and its permitted assigns, as the case may be, may defend the same in such manner as it may deem appropriate, including, but not limited to, settling such audit or proceeding after 30 days prior written notice to the Sellers setting forth the terms and conditions of settlement. In the event that issues relating to a potential adjustment for which the Sellers have acknowledged their liability are required to be contested in the same audit or proceeding as separate issues relating to a potential adjustment for which Buyer or the Permitted Assignees would be liable, Buyer and the Permitted Assignees shall have the right, at their expense, to control the audit or proceeding with respect to the latter issues.
- (c) With respect to issues relating to a potential adjustment for which both the Sellers (as evidenced by its written acknowledgement under this Section 8.05(iii)) and Buyer, the Permitted Assignees, the Acquired Company or their subsidiaries could be liable (A) the parties may participate in the audit or proceedings, and (B) the audit or proceedings shall be controlled by that party which would bear the burden of the greater portion of the sum of the

adjustment and any corresponding adjustments that may be reasonably anticipated for future taxable periods.

- (d) With respect to any Tax audit or proceeding for a taxable period that begins before the Closing Date, neither the Sellers nor Buyer, the Permitted Assignees, the Acquired Company or their subsidiaries, as the case may be, shall enter into any compromise or agree to settle any claim pursuant to any such audit or proceeding which would adversely affect the other party for such taxable period or a subsequent taxable period without the written consent of the other party, which consent may not be unreasonably withheld. The Sellers and Buyer and its permitted assigns agree to cooperate, and Buyer and the Permitted Assignees agree to cause the Acquired Company and their subsidiaries to cooperate, in the defense against or compromise of any claim in any such audit or proceeding.
- 8.06 Exclusive Remedy. A party's right to indemnification provided in this Article VIII and under Section 4.07 and Section 4.12(i) is the sole and exclusive remedy of that party from and after the Closing with respect to any Losses arising out of or relating to this Agreement; provided, however, that nothing in this Section 8.06 shall restrict or prohibit any party from bringing any action (i) for injunctive relief or specific performance to the extent legally available and (ii) in the event of fraud by a party.

ARTICLE IX

GENERAL PROVISIONS

- 9.01 Assignment. Notwithstanding any contrary provisions contained herein, the parties hereto agree that, prior to and after the Closing, Buyer, in its sole discretion, may assign any or all of its rights and obligations arising under this Agreement or any other agreement contemplated hereby to any Affiliate of Buyer, provided that (1) no such assignment shall relieve Buyer of any obligation or liability to PCC and Sellers hereunder or any other agreement contemplated hereby and (2) all representations and warranties of Buyer set forth in Article II shall be deemed to be given by the Permitted Assignee, with respect to such Permitted Assignee, in addition to being given by Buyer. After the Closing, either Seller may assign any or all of its rights and obligations arising under this Agreement to PCC and, to the extent such rights and obligations under this Agreement.
- 9.02 Benefit and Assignment. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. Except as specifically provided under this Agreement, no party hereto may voluntarily or involuntarily assign such party's interest under this Agreement without the prior written consent of the other party.
- 9.03 Entire Agreement. Except for the Confidentiality Agreement, this Agreement and the Ancillary Agreements embody the entire agreement and understanding of the parties and supersede any and all prior agreements, arrangements and understandings relating to matters provided for herein.

- 9.04 Fees and Expenses. Except as otherwise provided in this Agreement, each party shall be solely responsible for all costs and expenses incurred by it in connection with the negotiation, preparation and performance of and compliance with the terms of this Agreement.
- 9.05 Amendment, Waiver, etc. The provisions of this Agreement may be amended or waived only by an instrument in writing signed by the party against which enforcement of such amendment or waiver is sought. Any waiver of any term or condition of this Agreement or any breach hereof shall not operate as a waiver of any other such term, condition or breach, and no failure to enforce any provision hereof shall operate as a waiver of such provision or of any other provision hereof.
- 9.06 Headings. The headings are for convenience only and will not control or affect the meaning or construction of the provisions of this Agreement.
- 9.07 Governing Law. The Laws of the state of Delaware will govern all questions concerning the relative rights of the parties hereto. Delaware law also will govern the interpretation, construction, and enforcement of this Agreement and all transactions and agreements contemplated hereby, notwithstanding any jurisdiction's conflict of law rules to the contrary.
- 9.08 Notices. Any notice, demand or request required or permitted to be given under the provisions of this Agreement shall be in writing and shall be delivered by: overnight courier (with facsimiles to persons to receive copies thereof); facsimile; delivered personally; or mailed by certified mail, postage prepaid and return receipt requested. Notices shall be deemed given on the date the overnight courier contracted to make delivery; when delivered personally; on the date of facsimile with confirmed transmission; or on the date set forth on the return receipt for certified mail, if sent to the addresses set forth on the first page of this Agreement or to such other address as any party may from time to time direct, with copies to:

In the case of Sellers:

Stoel Rives LLP 900 SW Fifth Avenue, Suite 2600 Portland, OR 97204

Facsimile: (503) 220-2480 Attention: Ruth A. Beyer

In the case of Buyer:

Shearman & Sterling LLP 599 Lexington Avenue New York, NY 10022 Facsimile: (212) 848-7179 Attention: Peter D. Lyons

9.09 Arbitration.

- (i) Any dispute arising out of or relating to this Agreement or an Ancillary Agreement, or a breach thereof, shall be finally and conclusively resolved by arbitration administered under the Commercial Arbitration Rules of the American Arbitration Association (the "AAA") as modified by this Agreement or the subsequent agreement of the parties. Judgment on the award rendered by the arbitrator may be entered in and enforced by any court having jurisdiction thereof.
- arbitrator shall be nominated by the party requesting arbitration at the time of the filing of its demand for arbitration, the second arbitrator shall be nominated by the opposing party not later than 15 days after the appointment of the first has been confirmed by the AAA, and the third arbitrator shall be jointly nominated by the first two appointed arbitrators. If the first two appointed arbitrators are unable to agree upon a third within 15 days of the confirmation of the second, or if any party fails to appoint an arbitrator as set forth herein, an arbitrator shall be appointed pursuant to the AAA Rules.
- (iii) The place of arbitration shall be New York, New York and the language of arbitration shall be English, but documents or testimony may be submitted in other languages if an English translation is provided.
- (iv) Unless otherwise agreed by the parties, the following procedures will be followed in any arbitration between the parties:
- (v) Pre-arbitration investigations and depositions shall be conducted in accordance with the IBA Rules on the Taking of Evidence in International Commercial Arbitration..
- (vi) The arbitration hearing shall begin no more than 90 days after the arbitrator is selected and shall be closed no more than 60 days thereafter. The arbitrators' award shall be issued within 30 days after the hearing is closed.
- (vii) Either party may make an application to a court of competent jurisdiction for an order enforcing this arbitration agreement or for injunctive relief to maintain the status quo until such time as the arbitration award is rendered or the controversy is otherwise resolved. Both parties consent to the jurisdiction of the AAA.
- 9.10 Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument.
- 9.11 Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. Any invalid or unenforceable provision shall be modified to the extent necessary to allow for enforceability and to give effect to the original intent of the parties to the extent possible.

- 9.12 No Third Party Beneficiaries. Except for Article VIII, nothing in this Agreement shall create or be deemed to create any third party beneficiary rights or any obligations in any Person or entity not a party to this Agreement. No party may assert any claim against any officer, director, shareholder, partner or member of any party hereto (unless such officer, director, shareholder, partner or member is also a party hereto) under this Agreement with respect to any obligation arising out of this Agreement or the transactions contemplated hereby.
- 9.13 Schedules. Disclosure of any fact or item in any Schedule shall be deemed to have been disclosed in any other Schedule or representation or warranty made by Sellers herein if the relevance of the disclosure of such fact or item on such Schedule is readily apparent with respect to the facts that would otherwise be required to be disclosed in a Schedule or representation or warranty. Matters reflected in the Schedules are not necessarily limited to matters required by this Agreement to be disclosed herein or therein. Such additional matters are provided for informational purposes only.
- 9.14 Specific Performance. The parties acknowledge and agree that each would be irreparably damaged if any of the provisions of this Agreement are not performed in accordance with their specific terms, and that any breach of this Agreement could not be adequately compensated in all cases by monetary damages alone. Accordingly, in addition to any other right or remedy to which a party may be entitled, at law or in equity, it shall be entitled to enforce any provision of this Agreement by a decree of specific performance and to temporary, preliminary and permanent injunctive relief to prevent breaches of any of the provisions of this Agreement, without posting any bond or other undertaking.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed this Purchase and Sale Agreement as of the day and year first written above.

SELLERS:

PRECISION CASTPARTS CORP.

PCC FLOW TECHNOLOGIES HOLDINGS, INC.

PCC FLOW TECHNOLOGIES LP

SULZER US HOLDINGS INC.

BUYER:

IN WITNESS WHEREOF, the parties have executed this Purchase and Sale Agreement as of the day and year first written above.

SELLERS:	PRECISION CASTPARTS CORP.
er er	By: Title: PCC FLOW TECHNOLOGIES
	HOLDINGS, INC.
	By: Title: PCC FLOW TECHNOLOGIES LP
	By:
BUYER:	Title: SULZER US HOLDING INC.
	By: PRESIDENT

SELLERS' CONFIDENTIAL EXHIBITS AND DISCLOSURE SCHEDULES TO

PURCHASE AND SALE AGREEMENT

among

Precision Castparts Corp.,

PCC Flow Technologies Holdings, Inc.

PCC Flow Technologies LP

and

Sulzer US Holding Inc.

Dated September 24 2004

Capitalized terms used herein shall have the meaning ascribed to them in the Purchase and Sale Agreement.

EXHIBITS

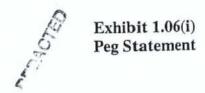
Transition Services Term Sheet Exhibit A Transition Software and Data Support Term Sheet Exhibit B Employee Benefits Transition Term Sheet Exhibit C Equity Transfer Term Sheet Exhibit D Peg Statement 1.06(i)Illustration 1.06(iii) Purchase Price Allocation 1.07 **Excluded Assets** 1.10 Insurance Beneficiaries 4.08(ii) Shared Assets and Services 4.09 Buyer's Consents (Closing Condition) 5.02 Sellers' Consents (Closing Condition) 6.02

SCHEDULES

SCHEDULES	
2.03	Buyer's Consents
3.03	Capitalization
3.05	No Adverse Consequences
3.06(a)	Pending Litigation
3.06(b)	Threatened Litigation
3.07	Compliance with Laws
3.08(i)	Labor Matters
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3.17(ii)	Environmental Contamination
3.17(iii)	Underground Storage Tanks
3.17(iv)	Environmental Litigation
3.18	Sellers' Consents
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3.19(i)(a)
3.19(i)(b)
3.19(i)(c)
3.19(ii)
3.19(iii)
3.19(iv)(a)
3.19(iv)(b)
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4.14(i)
4.15

Registered Intellectual Property Rights
Licensed Intellectual Property Rights
Issues Pertaining to Registered Intellectual Property
Rights
No Infringement
Licensing Arrangements
Licensed Software
Owned Software
Insurance; Insurance Claims
Territorial Restrictions
Aftermarket Locations and Services
Operation of the Business
Pumps Employees
Maintenance of Insurance
Hedging Contracts
Sellers' Commitments
Vehicle Leases



Pump Companies
Peg Statement as of March 28, 2004

Exhibit 1.06(iii) Illustration

See Attachment 1.06(iii)

ALL TO THE

Exhibit 1.07 Purchase Price Allocation

Exhibit 1.10 Excluded Assets

- Sellers' portion of the shared assets listed on Exhibit 4.09.
- 2. Portland environmental reserve in the amount of \$100,000

Exhibit 4.08(ii) Insurance Beneficiaries

Sulzer US Holding, Inc. Sulzer Pumps (US) Inc. Sulzer Process Pumps (US) Inc. Sulzer Pumps (Canada) Inc. Sulzer AG Sulzer Pumps AG

SHARED OR EXCLUDED ASSET	POST CLOSING TREATMENT/RESOLUTION
One person in Perth, Australia and three people in Sydney, Australia who are on the Wyman Gordon payroll and benefits; primarily perform Valves services with minor Pumps sales quote activity	Valves to retain; PCC to provide Sulzer information on Pumps quotations.
 Sellers' contracts benefiting Business: CDW (computer hardware) Dell (computer hardware) Microsoft Enterprise Licensing Agreement Symantec (computer software) Software Spectrum Grainger Industrial Supply Xerox – Copiers / Fax Machines Corporate Express (office supplies) U.S. Bank Visa (purchasing card program) FedEx Shipping UPS Shipping AT&T Master Agreement AT&T Data AT&T Dial Up Internet AT&T Long Distance AT&T Wireless Services Budget Car & Truck Rental World Travel 	Terminate services to Pumps Business as of Closing; Sulzer substitutes own corporate purchasing agreements.
Johnston Pumps Agency Agreement between Precision Castparts Corporation Sdn Bhd and Pg. Adanan Bin. Pg. Seri Pg. Hj. Ismail dated July 2nd, 2004 pursuant to which Precision Castparts Corporation Sdn Bhd agrees to provide engineering and technical support to a Johnston Pump distributor.	Agreement to be terminated by Precision Castparts Corporation Sdn Bhd.
Wuxi – sourcing services for Valves in Asia	Wuxi will continue to offer services as requested under current 18% markup arrangement.
Mark Zhang – Valves sales person in office in Beijing, China	Valves to reimburse Wuxi for wages and benefits pending transition.

SHARED OR EXCLUDED ASSET	POST CLOSING TREATMENT/RESOLUTION
Liang Min –Valves employee in office space in Beijing, China	Valves to reimburse Wuxi for wages and benefits pending transition.
Lease for office space in Beijing, China. Lessee is Wuxi but office is used for Valves.	Valves to reimburse Wuxi for lease/rent and utilities including office telephone, maintenance, etc., for duration of existing lease at current lease rates.
Paul Moir – sales work for Pumps and Valves in Asia	Valves to retain.
Joint Projects between PCC Flow Technologies (Wuxi) Ltd. Co. and Precision Castparts Corporation Sdn Bhd (Purchase Order No. 4510065189 from Sarawak Shell Berhard, dated March 11, 2004, to Bumi Flow Technologies (M) SDN BHD, for E11 Firewater Pumps	Johnston Pump to invoice to Precision Castparts Corporation Sdn Bhd (Ipoh) at agreed upon intercompany rate. Ipoh to complete pump and invoice it to customer per terms of purchase order.
Joint projects between PCC Sterom S.A., PCC Flow Technologies PTE Ltd. and Johnston Pump	Sulzer to negotiate order on basis of outstanding quote for so long as quote is valid and pay Sterom reason able commission.
Poobalan Marison Roshan (Technical Sales Manager-Pumps employed by PCC Bumi Flow Technologies SDN BHD)	Sulzer to hire employee; employee can continue to use Valves office space for up to three months at no cost.
Mark Adams (Regional Johnston Pump Sales Manager – employed by Valves in Kuala Lumpur)	Sulzer to hire employee; employee can continue to use Valves office space for up to three months at no cost.
Jimmy Ng (Regional PACO Pump Sales Manager – Singapore)	Sulzer to hire employee; can continue to occupy PCC Affiliate office space for three months at no charge.
Chee Lai Kuan - clerk in Kuala Lumpur Regional Office (Singapore) (Pumps and Valves)	Valves to retain.
Tracy Yun Ling Wong - senior account executive for Kuala Lumpur Regional Office (Singapore) (Pumps and Valves)	Valves to retain.

SHARED OR EXCLUDED ASSET	POST CLOSING TREATMENT/RESOLUTION	
Soo Boon Lai - Accounts executive for PCC Bumi Flow Technologies Sdn Bhd (Pumps and Valves)	Valves to retain.	
Suriayati Binti Rosly - Accounts executive for PCC Bumi Flow Technologies Sdn Bhd (Pumps and Valves)	Valves to retain.	
Minor sales quote activity through PCC Sterom S.A. and Precision Castparts Corporation Sdn. Bhd.	PCC to provide Sulzer information on pump quotations.	
Oracle Data Center Services	See Transition Services Agreement and Transition Software and Data Support Agreement.	
Thomas Mezger (PCC Flow Technologies Holding, Inc. – Asia)	Valves to retain.	

- Commercial Lease, dated October 1, 1997, as amended, between Kenco Group, Inc., as Landlord, and Johnston Pump/General Valve Co., Inc., as Tenant, as amended by the First Lease Amendment, as further amended by the Second Amendment to Lease Agreement dated November, 2002. (PCC Flow Technologies LP) (2601 E. 34th Street, Chattanooga, Tennessee)
- Industrial Lease Agreement, dated August 22, 2003, between Eastern Management Co., Inc., as Landlord, Flow Products aka Johnston Pump Company, as Tenant, and Thalhimer, as Agent. (PCC Flow Technologies LP) (2305 56th Street, Hampton, Virginia, part of 530 Aberdeen Road location referenced below)
- Industrial Lease Agreement between Eastern Management Co., Inc., as Landlord, and Flow Technologies, Inc. AKA Johnston Pump, as Tenant. (PCC Flow Technologies LP) (530 Aberdeen Road, Hampton, Virginia, part of 2305 56th Street location referenced above)
- Lease for premises located at 101 Old Underwood Road, Building G, LaPorte, Texas 77571 dated February 12, 1999, between Houston Associates of California, as Landlord, and Flow Products, Inc., as Tenant, with Notice of Lease Term Dated, dated June 25, 1999. (PCC Flow Technologies LP) (101 Old Underwood Rd. Bldg. G, LaPorte, Texas)
- Commercial Lease Agreement, dated August 30, 1999, between Limited IV Development LLC, as Lessor, and Johnston Pump Co., Inc., as Lessee, concerning 3400 Meador Drive, Mobile, Alabama. (PCC Flow Technologies LP) (3400 Meador Drive, Mobile, Alabama)
- 6. Standard Industrial Lease Net for premises located at 3215 Producer Way, Pomona, CA 91768, from Lejay and Beverly Winkler dated June 22, 1988, as amended by Addendum regarding Rent Escalations dated June 22, 1988, as further amended by Addendum regarding Option to Extend dated June 22, 1988, as further amended by Letter Agreement regarding Lease Renewal Proposal dated June 24, 1993, as further amended by Amendment of Lease dated August 1, 2003, and as further amended by Amendment of Lease dated October 2, 2003. (PCC Flow Technologies LP) (3215 Producer Way, Pomona, California)

- 7. Industrial Lease, dated January 26, 1994, between Broadbent Salt Lake One (predecessor-in-interest to The Prudential Insurance Company of America) and Johnston Pump/General Valve, Inc. concerning 3618 West 1820 South, Salt Lake City, Utah, as amended by the First Amendment to Lease dated February 19, 1999, as further amended by Second Amendment to Lease dated February 11, 2000, and as further amended by Third Amendment to Lease dated August, 2002. (PCC Flow Technologies LP) (3618 W. 1820 South, Salt Lake City, Utah)
- 8. Standard Industrial Lease, dated November 2, 1992, by and between A&B Auto Company and NEWFLO Corporation concerning 845 92nd Avenue, Oakland, California, as amended by Addendum to Lease dated November 2, 1992, as further amended by Extension of Lease dated March, 1996, and as further amended by the Letter Agreement regarding Lease Extension dated February 6, 2002. (845 92nd Avenue, Oakland, California)
- Lease, dated February 25, 1991, between Dallas Industrial/TCEP II Joint Venture and Paco Pumps, Inc., as amended by Lease Extension Agreement, dated February, 1996, between The Realty Associates Fund III, L.P. (as successor in interest to Dallas Industrial/TCEP II Joint Venture) and Paco Pumps, Inc., as further amended by Second Lease Extension Agreement dated January 2001. (PCC Flow Technologies LP) (4677 Mint Way, Dallas, Texas)
- 10. Lease of premises located at 3215 South 116th Street, Suite 105, Seattle, Washington 98168 from Bedford Properties, Inc. dated February 5, 1990, as amended by Addendum to Lease dated February 5, 1990, as further amended by First Amendment to Lease dated July 11, 1995, as further amended by Lease Amendment No. 2 dated August 20, 1998, and as further amended by Lease Amendment No. 3, dated October 16, 2003, between Paco Pumps, Inc. and AMB Institutional Alliance Fund I, L.P. (as successor in interest to Gateway North Properties, L.L.C). (3215 S. 116th Street #109, Seattle, Washington)
- 11. Standard Industrial/Commercial Single-Tenant Lease Net, dated December 18, 2000, between Milligan Land Company, as "Lessor," and Paco Pumps, Inc., as "Lessee," with reference to property commonly known as 2345 Evergreen Avenue, City of West Sacramento, County of Yolo, State of California, as amended by Addendum to Standard Industrial/Commercial Singe-Tenant Lease Net dated December 18, 2000. (PCC Flow Technologies LP) (2345 Evergreen Avenue, Sacramento, California)

12. Transition Services Agreement

Exhibit 6.02 Sellers' Consents (Closing Condition)

None.

[None.]

Schedule 3.03 Capitalization

Company	Owner	Number of Shares/Ownership Interests Issued to Owner	Number of Shares/Ownership Interests Outstanding
PCC Flow Technologies (Wuxi) Ltd. Co.	PCC Flow Technologies Holdings, Inc.	Limited Liability Company	Registered Capital of US \$2,100,000

Schedule 3.05 No Adverse Consequences

- See Schedule 3.16 for a list of permits and licenses that may require consent to assign or which may not be assignable.
- See Schedule 3.18 for a list of contracts that require consent to assign.
- 3. Acquired Company to qualify as a Wholly Owned Foreign Enterprise in China.

PCC FLOW TECHNOLOGIES LP and its predecessors (Johnston Pump/PACO Pumps/Crown Pump)	
Matter	Summary
Inca Construction Company v. Johnston Pump. Case No. D-202-CV- 200107355 Second Judicial District Court, Bernalillo Co. New Mexico	The Bureau of Reclamation (U.S. Department of Interior) took over a contract that Johnston Pump had with Inca Construction and seeks liquidated damages of \$760,000 plus any additional costs related to the project. The lawsuit filed by Inca Construction seeks all direct/indirect costs imposed on Inca by the government, plus attorney fees and damages. On May 25, 2004, the state court dismissed the case with prejudice, based on Inca's failure to respond to discovery. On August 19, 2004, the court granted Inca's motion for relief from judgment and reinstated the case, awarding fees and costs to Johnston Pump in filing the motion to compel and subsequent order.
Elizabeth A. Dolbare, et al. v. Noble Drilling Corporation and Crown Pump, U.S. District Court (Mississippi) Case No. 1:02cv459GR; Zurich Insurance Company Claim No. 966-70317	Crown Pump was notified in late 2001 that a pump it supplied and installed on an offshore rig operated by Noble Drilling was involved in the death of a rig worker (Robert Dolbare). In November 2003, plaintiff added Crown Pump as a defendant in the lawsuit. On September 10, 2004 the court denied Crown Pump's Motion to Dismiss for lack of personal jurisdiction conditioned on plaintiffs having an additional sixty days to conduct additional discovery as to Crown Pump's contacts in Mississippi.
Bankruptcy trustee demand (Magnesium Corp and Farmland Industries matters)	In May 2004, bankruptcy trustees for two companies filed suits for collection against Flow Products for a total of \$61,000. Flow Products is contesting one suit (\$46,000), on the basis that the payments were made in the ordinary course of business, and is close to finalizing a settlement of the other (\$15,000) for less than \$5,000.
Maxon Engineering Services, Inc. v. Johnston Pump Company U.S. District Court, (Puerto Rico) Case No. 03- 1672	Maxon Engineering, a Puerto Rico distributor for Johnston Pump, filed a claim for damages related to the cancellation of a distributor contract. Maxon sued for \$6 million. The case went to trial in March 2004, and Johnston Pump prevailed. On March 24, 2004, the court denied Maxon's motion for a new trial. The Court denied Johnston Pump's request for costs and attorney fees. In May 2004, Maxon filed for bankruptcy protection. Maxon has appealed the trial judgment which has been stayed pending the bankruptcy.

EEOC charge – Mark Menke (Flow Products) EEOC Charge No. 330-2004-01160	Mark Menke filed an age discrimination claim against PACO on January 30, 2004. PACO responded to Mr. Menke's claim and denied all allegations. In late July 2004, the EEOC and the Texas Workforce Commission dismissed Mr. Menke's claims, finding insufficient evidence to continue. Mr. Menke has until October 1, 2004, to file suit alleging state law claims and until October 25, 2004, to file suit alleging federal claims. Mr. Menke remains employed with PACO.
Asbestos cases (Johnston Pump/PACO Pumps)	As of June 2004, approximately 72 active asbestos product cases are pending in seven states (California, Illinois, Mississippi, Nevada, New Jersey, Ohio, Texas) involving Johnston Pumps or PACO Pumps. The named defendant in these cases is either the old corporate entity for the product line (e.g., Johnston Pump Company, Inc. or PACO Pumps, Inc.) or one of the successor entities (e.g., PCC Flow Technologies Holdings, Inc. or PCC Flow Technologies, L.P.) or both.
US Flow Corp (PACO and V&C)	In or about June and August 2004, Flow received letters from bankruptcy counsel for US Flow Corp. asserting that approximately \$29,000 was paid to PACO and PCC Valves & Controls as improper preference payments. Flow is disputing the claim.

See also Schedule 3.08(ii)(i) for workers compensation matters.

Crown Pump)	
Matter	Summary
EAH claim (Flow Products)	EAH Spray Equipment ("EAH") filed a lien against Flow Products in 2000, and an attorney representing EAH sent a letter threatening to sue Flow Products for \$24,000. Flow Products' position is that the EAH failed to complete its work on time and in a satisfactory manner.
Lam/Schlosser (Johnston Pump)	An expected warranty claim of \$220,000 made by Johnston Pump's customer's customer has been resolved in part. The remaining dispute involves a \$75,000 receivable.
Union Bank Building – Seattle, Washington (PACO Pumps)	In February 2003, one of PACO Pumps' customers notified PACO about a problem in the Union Bank Building that might have been caused by PACO's product. PACO replaced the product on a warranty basis, and no further problems have occurred. No formal claim or complaint has been filed against PACO.
Auto accident – Robert Gonzalez (PACO Pumps)	Robert Gonzalez, a PACO Pumps employee was involved in a car accident on December 23, 2003. Both parties have retained legal counsel. The matter was tendered to PCC Flow Technologies, L.P. auto insurer and they have accepted defense.
Lock Pump (PACO Pumps)	Lock Pump, a former distributor, alleges that it was promised a 25% commission (\$50,000) on an order placed approximately one year ago. In January 2004, PACO Pumps advised Lock Pump that the commission was being reduced to \$30,000 based on Paco's published policy and a price increase. Lock's attorney has sent a letter contesting the reduction in the commission.
City of Fort Worth (Johnston Pump)	On June 16, 2004, three children and one adult drowned in the City of Fort Worth Water Gardens. On July 13, 2004, the City of Fort Worth tendered (through an interpleader petition) its alleged \$500,000 maximum liability under the state's tort claims act to the Tarrant County, Texas court for distribution to the survivors. On September 8, 2004, the plaintiffs filed a lawsuit against the City of Fort Worth and 21 other individuals and companies, but did not name Johnston Pump or its affiliates as defendants. The City of Fort Worth has requested documentation relating to Johnston Pump's 1998 repair of three pumps installed at the Gardens, one of which was a Johnston Pump. According to the City, the two pumps at the subject water garden were repaired by Johnston in 1998, but were manufactured by another company (Peerless). Johnston has retained Fort Worth legal counsel and notified its insurer.

- See Schedule 3.08(i) item (b) regarding alleged violations.
- 2. Court Order of the State of California Occupational Safety and Health Appeals Board, dated September 8, 2004, regarding payment of penalty for violations of Sections 3203(a) and 5194(e)(2) of Title 8, California Code of Regulations (OSHA).

- a. Labor or collective bargaining agreements
 - Labor union, Wuxi New District Branch.
- b. Other labor matters

-

- EEOC Charge No. 330-2004-01160, Mark Manicke (PCC Flow Technologies LP, PACO Pumps).
- EEOC Mediation Settlement Agreement with Loyd Caldwell, Charge No. 330-2004-01485C, dated 2/24/04 (PCC Flow Technologies LP, PACO Pumps).

ERISA Pension Plans

PCC Flow Technologies Employees' Savings Plan Retirement Plan for Salaried Employees of Johnston Pump/General Valve, Inc.

ERISA Welfare Benefit Plans

Group Insurance Benefits for Employees of PCC Flow Technologies, Inc. 1

PCC Flow Technologies business travel accident plan

PCC Flow Technologies pretax premium payment plan

Flow Products Severance Benefits policy

Unfunded arrangement providing reimbursement for cost of routine medical examinations for certain executive employees (currently covers 15 participants; never has covered 100 or more participants)

Expatriate medical, life and dental coverage underwritten by Marsh Insurance

Non-ERISA severance arrangements

From time to time, there have been arrangements made for post-termination pay and COBRA reimbursements for individual employees associated with their terminations of employment, some done in exchange for a release. No such arrangements are for a period longer than one year.

Flow Products Severance Benefits Policy

Certain employment agreements (see Schedule 3.10(iv)) include severance arrangements.

Certain Affiliate Plans

Top hat plans (elective executive deferred compensation and supplemental executive retirement plan benefits, publicly disclosed plans)

Employee stock purchase plan offering options for Precision Castparts Corp. stock (publicly disclosed plan)

Stock options for Precision Castparts Corp. stock

Former participation in multiemployer pension plan

Before 1996, PACO Pumps, Inc. participated in IAM National Pension Plan pursuant to collective bargaining. In July of 1996 union decertification occurred, resulting in withdrawal from participation in the IAM plan. No withdrawal liability demand has been received in connection with that withdrawal.

¹ An umbrella welfare benefit plan that covers insured and self-insured benefits provided by PCC Flow Technologies, Inc. and by other Companies in the U.S. for their current and certain former employees and for qualifying dependents and other beneficiaries of such employees. Not all Companies have the same benefits.

PCC Flow Technologies (Wuxi) Co. Ltd.

Accident Insurance Travel Accident Insurance Educational Coverage

-

Severance is paid according to P.R.C. labor laws.

Schedule 3.08(ii)(f) Non-ERISA Bonus and Commission Plans

- PCC Flow Technologies, Inc. performance bonus plans for Fiscal Year 2005 (covers U.S. and Non-U.S. operations and affiliates).
- 2. Attachment B (Part II) PCC Flow Technologies, Inc. Commission Plan covering Ng Liang Boon.
- Johnson Pump Company FY 2005 Sales Incentive Plan, also called Johnston Pump-Sales Personnel FY05 Sales Incentive Plan.
- Johnston Pump Company Confidential FY 2002 Sales Incentive Plan for the group Johnston Pump Regional Sales Manager.
- 5. Johnston Pump Co. Confidential Sales Incentive Plan for the group Johnston Pump Sales Personnel (or other employees of FPI with JP sales quotas).
- 6. PACO Pumps Sales & Marketing FY 2005 Incentive Compensation Plan for the group PACO Pump "Regional Sales Manager" (terms vary by employee).
- PACO Pumps Confidential FY 2002 Sales Incentive Plan for the group Dallas, Pomona, Portland, Oakland and Seattle.

Schedule 3.08(ii)(i) Workers Compensation Claims

9/14/04 POLICY						DATE-	
PERIOD	SITE	CLAIM ID	NAME	STATUS	COVERAGE	EVENT	ACCIDENT DESCRIPTION
1998	PACO Oakland	C648-147322	TAHADA, GEORGE	OPEN	10- WORKERS COMP	3/25/98	BACK INJURY
1998	Johnston Pumps Hampton	C471-506373	WALLMEYER, LOWERY	OPEN	10- WORKERS COMP	1/12/98	LOST ARM IN MACHINE
2003	00000105-PCC FLOW TECH/P 845-92 ND AVE	C635C9699591	PAZ, JESUS	OPEN	10- WORKERS COMP	2/22/03	MANUALLY LIFTING HOSE WHEN A FORKLIFT SHOULD HAVE BEEN USED; L-S STRAIN
2004	00000110-PCC FLOW TECH/J 2501 E 34 TH ST	C540C8429399	MATUSZAK, THOMAS J	OPEN	10- WORKERS COMP	1/25/04	DOING NORMAL JOB AND HAVING PAIN INJURY TO RIGHT ELBOW
2004	00000110-PCC FLOW TECH/J 2501 E 34 TH ST	C540C3015355	DAVIS, BOBBY J	OPEN	10- WORKERS COMP	2/19/04	FITTING A PEDESTAL TO A PUMP, DROPPED 50LB PEDESTAL; CONTUSION TO THE LEFT FOOT
2004	00000200-PCC FLOW TECH/F 800 KOOMEY RD	C290C6206112	RATCLIFFE, PATRICK JR.	OPEN	10 - WORKERS COMP	7/26/04	USING A RAZOR KNIFE TO CUT WIRE TIES & HE SLIPPED & STRUCK LACERATION OF THE LEFT FOREARM.
2004	00000200-PCC FLOW TECH/F 800 KOOMEY RD	C290C6221380	SMITH, MONROE	OPEN	10 - WORKERS COMP	8/19/04	THE EE WAS CLEANING USING A AIR HOSE WHEN HE GOT DEBRIS IN HSPECIFIC INJURY - FOREIGN BODY HEAD -

Employment Contracts²

1. Employment Agreement, dated September 6, 2000, between Flow Products, Inc. and Carl Hsiao (assigned Wuxi) (Ex-Patriate). (PCC Flow Technologies Holdings, Inc.)

² This list does not include offer letters between the Companies and employees whose employment is terminable at will.

^{*}Base pay expressed in U.S. dollars fluctuates with foreign exchange rate.

PCC00303

DUENTES	FIRST	LAST	LOCATION	DEPT SUMMARY	DEPT NAME	JOB TILLE	HRE DATE	MIN THLY PAY	ANNUAL PAY
BUSINESS	Christine	Chevaller	Brookshire, TX	Flow Prod Administration	Flow Inventory Control	Business Analyst	101503	\$5,833.00	\$69,996.00
Pumps	James	Finn	Brookshire, TX	Flow Prod Administration	Flow Prod Admin-E-Business	Web Developer	11/1/01	\$5,916.00	\$70,992.00
Pumps	Gregory	Matney	Brookshire, TX	Flow Prod Administration	Flow Prod Admin-IT & Tech	Microcomputer Spec	10/16/00	\$3,309.00	\$39,708.00
Pumps Pumps	Mike	Noviskie	Brookshire, TX	Flow Prod Administration	Flow Prod Admin-IT & Tech	Microcomputer Spec	12/15/00	\$2,992.00	\$35,904.00
Pumps	D. Elizabeth	Godfrey	Brookshire, TX	Flow Prod Administration	Flow Prod Admin-IT & Tech	Oracle Help Desk Adm	12/3/01	\$6,375.00	\$76,500.00
Pumps	John	Minklinen	Brookshire, TX	Flow Prod Administration	Flow Prod Admin-IT & Tech	Programmer Anist, Sr	6/9/92	\$4,923.00	\$59,076.00
Pumps	Sivakumar	Ponnambalam	Brookshire, TX	Flow Prod Administration	Flow Prod Admin-IT & Tech	Programmer Anist, Sr	9/3/02	\$7,766.00	\$93,192.00
Pumps	Kevin	Wimberley	Brookshire, TX	Flow Prod Administration	Flow Pred Admin-IT & Tech	Supv. IT Operations	7/1/93	\$5,004.00	\$60,048.00
Pumps	Suresh	Ramamoorthy	Brookshire, TX	Flow Prod Administration	Flow Prod Admin-IT & Tech	Systems Analyst, Sr	5/13/02	\$8,467.00	\$101,604.00
Pumps	Редду	Wihte	Brookshire, TX	Flow Prod Administration	Flow Prod Finance	Accountant, Staff	7/19/89	\$3,501.00	\$42,012.00
Pumps	Sandra	Medina	Brookshire, TX	Flow Prod Administration	Flow Prod Finance	Accountant, Staff	10/21/03	\$5,000.00	\$60,000.00
Pumps	Bernie	Alexander	Brookshire, TX	Flow Prod Administration	Flow Prod Finance	Accountant, Tax	4/29/83	\$3,403.00	\$40,836.00
Pumps	Nicole	Graudin	Brookshire, TX	Flow Prod Administration	Flow Prod Finance	Accounting Assistant	10/13/03	\$2,500.00	\$30,000.00
Pumps	Kimberly	Moore	Brookshire, TX	Flow Prod Administration	Flow Prod Finance	Acctg Clerk, Sr	10/5/92	\$2,728.00	\$32,736.00
Pumps	Margareth	Susen	Brookshire, TX	Flow Prod Administration	Flow Prod Finance	Acctg Clerk, Sr	9/21/88	\$2,858.00	\$34,296.00
Pumps	Debbie	Darford	Brookshire, TX	Flow Prod Administration	Flow Prod Finance	Acctg Clerk, Sr	10/10/90	\$2,517.00	\$30,204.00
	Bobbi	Linden	Brookshire, TX	Flow Prod Administration	Flow Prod Finance	Acctg Clerk, Sr	3/18/03	\$2,427.00	\$29,124.00
Pumps Pumps	Ina	Woods	Brookshire, TX	Flow Prod Administration	Flow Prod Finance	Acctg Clerk, Sr	5/30/89	\$2,971,48	\$35,657.76
Pumps	Kevin.	Cruce	Brookshire, TX	Flow Prod Administration	Flow Prod Finance	Financial Analyst, Sr	7/10/03	\$7,500.00	\$90,000.00
Pumps	Barbara	Wade	Brookshire, TX	Flow Prod Administration	Flow Prod Finance	Mgr, General Acctg	5/19/97	\$6,912.00	\$82,944.00
Pumps	Jan	Messina	Brookshire, TX	Flow Prod Administration	Flow Prod Finance	Payroli Administratr	4/10/97	\$4,594.00	\$55,128.00
Pumps	Leah	Sanchez-Arnold	Brookshire, TX	Flow Prod Administration	Flow Prod Finance	Supv. A/P & A/R	8/76/02	\$5,700.00	\$68,400.00
Pumps	Sameer	Puran	Brookshire, TX	Flow Prod Administration	Flow Prod Finance MIS	Mgr, Oracle Appl.	3/18/02	\$8,197.67	\$98,372.04
Pumps	Harold	Newhouse	Brookshire, TX	Flow Prod Administration	Flow Prod Finance-Cost	Accountant, Cost	11/24/03	\$4,834.00	\$58,00B.00
Pumps	Philip	Trygar	Brookshire, TX	Flow Prod Administration	Flow Prod Finance-Cost	Accountant, Cost	4/1/04	\$4,584.00	\$55,008.00
Pumps	Sharon	Trader	Brookshire, TX	Flow Prod Administration	Flow Prod Finance-Cost	Product Cost Support Anist	3/29/89	\$3,666.67	\$44,000.04
Pumps	Wesley	Graham	Brookshire, TX	Flow Prod Administration	Flow Prod Finance-Cost	Supv Cost Accountant	10/14/03	\$5,317.00	\$63,804.00
Pumps	Christopher	Brashears	Brookshire, TX	Flow Prod Administration	Flow Prod Finance-Credit	Credit Analyst	10/6/03	\$3,084,00	\$37,008.00
75.00	James	Nelson	Brookshire, TX	Flow Prod Administration	Flow Prod Finance-Credit	Credit Analyst	3/17/03	\$3,000.00	\$36,000.00
Pumps Pumps	Audrey	Palmer	Brookshire, TX	Flow Prod Administration	Flow Prod Finance-Credit	Credit Analyst, Sr	7/20/95	\$3,512.00	\$42,144.00
Pumps	Gina	Barry-Kolaja	Brookshire, TX	Flow Prod Administration	Flow Prod Finance-Credit	Credit Rep	10/7/03	\$2,384.00	\$28,608.00
Pumps	William	Maguire, Jr.	Brookshire, TX	Flow Prod Administration	Flow Prod Finance-Credit	Mgr, Credit	2/9/04	\$6,042.00	\$72,504.00
Pumps	Kari	Will	Brookshire, TX	Flow Prod Administration	Flow Prod G & A	Admin Assistant	2/15/01	\$2,499.00	\$29,988.00
Pumps	Carol	Lezak	Brookshire, TX	Flow Prod Administration	Flow Prod G & A	Executive Assistant	10/7/88	\$4,515.00	\$54,180.00
Pumps	Christine	Fuentes	Brookshire, TX	Flow Prod Administration	Flow Prod G & A	Receptionist	9/12/03	\$1,866.00	\$22,392.00
Pumps	Chau	Nguyen	Brookshire, TX	Flow Prod Administration	Flow Prod Human Resources	HR Generalist	8/2/93	\$5,000.00	\$60,000.00
Pumps	Lee	Sadler	Brookshire, TX	Flow Prod Administration	Flow Prod Human Resources	HR Generalist	9/22/03	\$5,208.00	\$62,496.00
Pumps	Roshay	Rogers	Brookshire, TX	Flow Prod Administration	Flow Prod Human Resources	HR Generalist, Sr	8/11/03	\$5,417.00	\$65,004.00
Pumps	Eva	Fibres	Brookshire, TX	Flow Prod Administration	Flow Prod Human Resources	Mgr, Human Resources	2/24/03	\$6.667.00	\$80,004.00
Pumps	John	Phenix	Brookshire, TX	Flow Prod Administration	Flow Prod Human Resources	SflyEnv. Specialist	45/04	\$5,417.00	\$65,004.00
Pumps	Thomas	Minks	Brookshire, TX	Flow Prod Manufacturing	Flow Prod Maintenance	Maint Mech	3/1/99	\$2,810.00	\$33,720.00
Pumps	Steven	Hall	Brookshire, TX	Flow Prod Manufacturing	Flow Prod Maintenance	Maint. Mech, Sr	2/17/92	\$3,637.00	\$43,644.00
Pumps	Juan	Jaras	Brookshire, TX	Flow Prod Manufacturing	Flow Prod Maintenance	Maint. Mech, Sr	7/5/00	\$3,443.00	\$41,316.00
Pumps	Paul	Hall	Brookshire, TX	Flow Prod Manufacturing	Flow Prod Maintenance	Maint. Mech, Sr	3/9/01	\$3,394.00	\$40,728.00
Pumps	Terry	Wollgast	Brookshire, TX	Flow Prod Manufacturing	Flow Prod Maintenance	Maint, Mech, Sr	1/4/02	\$3,587.00	\$43,044.00
Pumps	Joseph	Gallo	Brookshire, TX	Flow Prod Manufacturing	Flow Prod Maintenance	N/C Technician	10/7/91	\$4,282.00	\$51,384.00

Pumps	Michael	Brei	Brookshire, TX	Flow Prod Manufacturing	Flow Prod Maintenance	N/C Technician	1/14/03	\$4,106.00	\$49,272.00
Pumps	Jody	Marling	Brookshire, TX	Flow Prod Manufacturing	Flow Prod Maintenance	Plant Electrician	11/5/01	\$3,309.00	\$39,708.00
Pumps	Gerhard	Koegele	Brookshire, TX	Flow Prod Manufacturing	Flow Prod Maintenance	Supv. Maintenance	3/7/02	\$5,542.00	\$66,504.00
Pumps	Jaime	Luga	Brookshire, TX	Flow Prod Manufacturing	Flow Prod Maintenance	Tool Crib Tech	9/4/90	\$3,183.00	\$38,196.00
Pumps	Juan	Salazar	Brookshire, TX	Flow Prod Manufacturing	Flow Prod Maintenance	Utility Worker	4/17/02	\$1,838.00	\$22,056.00
Pumps	Gary	Ray	Brookshire, TX	Flow Prod Manufacturing	Flow Prod Mfg-Admin	Mgr. Manufacturing	5/3/00	\$7,875.00	\$94,500.00
Pumps	David	Cash	Brookshire, TX	Flow Prod Manufacturing	Flow Prod Mfg Admin	Supv. Shipping & Rec	11/29/93	\$4,200.00	\$50,400.00
Pumps	Cherry	Patterson	Brookshire, TX	Flow Prod Manufacturing	Flow Prod Mfg-Engineering	Supy, Facilities	51199	\$3,749.00	\$44,988.00
Pumps	Michael	Krais	Brookshire, TX	Flow Prod Manufacturing	Flow Prod Mfg-Engr	Mfg Engineer	2/25/02	\$4,732.00	\$56,784.00
Pumps	James	Kisner	Brookshire, TX	Flow Prod Manufacturing	Flow Prod Mfg-Engr	Mgr, Cost Improvement	1/14/02	\$7,916.00	\$94,992.00
Pumps	Harold	Johns	Brookshire, TX	Flow Prod Manufacturing	Flow Prod Mfg Engr	N/C Programmer	12/8/88	\$3,996.00	\$47,952.00
Pumps	Gary	English	Brookshire, TX	Flow Prod Manufacturing	Flow Prod Mfg Engr	Tooling Specialist	5/15/02	\$5,580.00	\$66,960.00
Pumps	Jennifer	Ishee	Brookshire, TX	Flow Prod Manufacturing	Flow Prod Quality Control	Admin Assistant	10/30/02	\$3,294.00	\$39,528.00
1200-2500	Steven	Malkowsky	Brookshire, TX	Flow Prod Manufacturing	Flow Prod Quality Control	Dir. Quality Assur	2/15/89	\$8,050.00	\$96,600.00
Pumps	Bash	Bidiwala	Brookshire, TX	Flow Prod Manufacturing	Flow Prod Quality Control	Inspector	11/12/01	\$3,407.00	\$40,884.00
Pumps	Brent	Burton	Brookshire, TX	Flow Prod Manufacturing	Flow Prod Quality Control	Inspector	6/30/00	\$2,547.00	\$30,564.00
Pumps	11.000	Howard	Brookshire, TX	Flow Prod Manufacturing	Flow Prod Quality Control	QA Tech	8/30/04	\$2,990.00	\$35,880.00
Pumps	Ricky			Flow Prod Manufacturing	Flow Prod Quality Control	QA Tech	10/6/95	\$3,120.00	\$37,440.00
Pumps	Scott	Anderson	Brookshire, TX	Flow Prod Manufacturing	Flow Prod Quality Control	Supv. QC	11/16/00	\$4,687.00	\$56,244.00
Pumps	Dennis	Stephens Gaff	Brookshire, TX Brookshire, TX	Flow Prod Materials	Flow Prod Purchasing	Buyer	5/12/04	\$4,084,00	\$49,008.00
Pumps	Jacqueline			Flow Prod Materials	Flow Prod Purchasing	Buyer, Sr	6/20/91	\$4,900.00	\$58,800,00
Pumps	Michael	Ken	Brookshire, TX	Flow Prod Materials	Flow Prod Purchasing	Dir, Sourcing	8/13/01	\$9,167.00	\$110,004.00
Pumps	William	Kesler	Brookshire, TX	Flow Prod Materials	Flow Prod Purchasing	Planner	9/5/00	\$4,227.00	\$50,724.00
Pumps	Don	Laas	Brookshire, TX		Flow Prod Purchasing	Planner, Sr	1/13/03	\$3,948.00	\$47,376.00
Pumps	Zackary	Saiz	Brookshire, TX	Flow Prod Materials	Flow Prod Purchasing	Purchasing Agent, Sr	8/31/88	\$6,400.00	\$76,800.00
Pumps	Gene	Krupala	Brookshire, TX	Flow Prod Materials	Flow Prod Purchasing	Purchasing Clerk, Sr	6/10/02	\$2,070.00	\$24,840.00
Pumps	Sarah	Barrett	Brookshire, TX	Flow Prod Materials		Machinist, CNC	8/9/04	\$3,121.00	\$37,452.00
Pumps	James	Williams, Jr.	Brookshire, TX	Crown Pump Business Unit	Crown Machine Shop-DL Crown Manufacturing	Pattern Maker	1/1/99	\$3,176.00	\$38,112.00
Pumps	Jesse	Aguilar	Lubbock, TX	Crown Pump Business Unit		Supv. Pattern Shop	11/9/93	\$3,972.00	\$47,664.00
Pumps	Francisco	Aguilar	Lubbock, TX	Crown Pump Business Unit	Crown Manufacturing		6/3/04	\$5,787.00	\$69,444.00
Pumps	Jerry	Johnson	Brookshire, TX	Crown Pump Business Unit	Crown Mfg-Ops Supv	Mgr, Manf Crown Pump Inside Sales Admin	2/25/91	\$2,911.00	\$34,932.00
Pumps	Тепу	Drake	De Leon, TX	Crown Pump Business Unit	Crown Sales/Mktg		9/27/04	\$3,750.00	\$45,000.00
Pumps	Fernando	Alvarez	Brookshire, TX	Crown Pump Business Unit	Crown Administration	Inside Sales Mgr	10/28/02	\$4,667.00	\$56,004.00
Pumps	Marie	Difon	Brookshire, TX	Flow Prod Manufacturing	Crown Manufacturing	Prod & Process Anal NFC Programmer	5/21/90	\$4,767.00	\$57,204.00
Pumps	James	Smith	Brookshire, TX	Flow Prod Manufacturing	Crown Mig-Ops Supv		6/28/04	\$2,167.00	\$26,004.00
Pumps	Lonnie	Stanley	Brookshire, TX	Flow Prod Manufacturing-Shop	Crown Assembly DL	Assembly Mech	8691	\$2,890.00	\$34,680,00
Pumps	David	Machala	Brookshire, TX	Flow Prod Manufacturing-Shop	Crown Assembly DL	Assembly Mech, Sr	3/26/94	\$2,789.00	\$33,46B.00
Pumps	Gerardo	Vazquez	Brookshire, TX	Flow Prod Manufacturing-Shop	Crown Assembly DL	Assembly Mech, Sr LD Journey CNC Mach	8/19/97	\$3,095.00	\$37,140.00
Pumps	Jose	Mendez, Jr.	Brookshire, TX	Flow Prod Manufacturing-Shop	Crown Machine Shop DL		8/31/95	\$3,111.00	\$37,332.00
Pumps	Joaquin	Pinasco	Brookshire, TX	Flow Prod Manufacturing-Shop	Crown Machine Shop DL	Journey CNC Mach	4/26/04	\$2,990.00	\$35,880.00
Pumps	Noe	Gonzalez	Brookshire, TX	Flow Prod Manufacturing-Shop	Crown Machine Shop DL	Machinist Machinist, CNC	7/16/04	\$2,947.00	\$35,364.00
Pumps	Randy	Crawford	Brookshire, TX	Flow Prod Manufacturing-Shop	Crown Machine Shop DL		4/26/04	\$1,734.00	\$20,80R.00
Pumps		McNeely	Brookshire, TX	Flow Prod Manufacturing-Shop	Crown Manufacturing	Storekeeper	3/15/04	\$3,042.00	\$36,504.00
Pumps	Marie	Hogan Derkowski	Brookshire, TX	Flow Prod Materials Flow Prod Materials	Crown Prod Control Crown Prod Control	Planner, Jr Planner, Sr	9/22/02	\$5,100.00	\$61,200.00
Pumps Pumps	Ricky Billy	Harris.	Brookshire, TX Brookshire, TX	Flow Prod Manufacturing-Shop	JP Assembly DL	Assembly Mech	2/21/93	\$2,882.00	\$34,584.00
Pumps	Jose	Vazquez, Sr.	Brookshire, TX	Flow Prod Manufacturing-Shop	JP Assembly DL	Assembly Mech	12/29/00	\$1,847.00	\$22,154.00
Pumps		Pittilo Jr.	Brookshire, TX		The Control of the Co		7/23/01	\$2,687.00	\$32,244.00
runps	Larry	PILLIO JI.	PIOOKZIME, IX	Flow Prod Manufacturing-Shop	JP Assembly DL	Assembly Mech, Sr	1123/01	\$2,001.00	332,214.00

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Pumps Rafael Moncayo Brookshire, TX Flow Prod Manufacturing-Shop JP Assembly DL Painte, Sr 12/909 Pumps Ironally Macha Brookshire, TX Flow Prod Manufacturing-Shop JP Assembly DL Test Lab Tech, Sr 12/909 Pumps Lawrence Czarnecki Brookshire, TX Flow Prod Manufacturing-Shop JP Assembly DL Test Lab Tech, Sr 12/909 Pumps Michael Michaelis Brookshire, TX Flow Prod Manufacturing-Shop JP Assembly DL Journey CNC Mach 10/938 Pumps Larry Novice Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL Journey CNC Mach 10/938 Pumps Gabriel Carrillo Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL Journey CNC Mach 10/938 Pumps Gabriel Carrillo Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL Journey CNC Mach 10/938 Pumps Gabriel Carrillo Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL Journeyron Mach 99'02 Pumps Marco Escobedo Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL Journeyron Mach 10'10'08 Pumps David Ross Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL Journeyron Mach 10'10'08 Pumps David Ross Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL Journeyron Mach LD 91'08'8 Pumps Chaife Whitaker Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL Journeyron Mach LD 10'2'798 Pumps Larry Perkins Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL Machinist Gozeno Machinist Goz	\$3,465.00 \$41,580.1 \$2,772.00 \$33,264.1 \$2,979.00 \$35,748.1 \$3,693.00 \$44,316.1 \$3,480.00 \$41,760.1 \$3,490.00 \$44,890.1 \$3,490.00 \$44,890.1 \$3,675.00 \$44,100.1 \$3,996.00 \$44,090.1 \$3,996.00 \$47,952.1 \$3,859.00 \$46,308.1 \$3,074.00 \$35,6840.1 \$2,774.00 \$35,6840.1 \$3,1070.00 \$35,6840.1 \$3,1070.00 \$35,6840.1 \$3,1070.00 \$37,440.1 \$3,296.00 \$42,708.1 \$3,296.00 \$42,708.1 \$3,296.00 \$43,7450.1 \$3,296.00 \$44,708.1 \$3,296.00 \$44,708.1 \$3,296.00 \$44,708.1 \$3,296.00 \$44,708.1 \$3,296.00 \$44,708.1 \$3,396.00 \$44,428.1 \$3,496.00 \$44,428.1 \$3,496.00 \$44,428.1 \$3,496.00 \$44,428.1 \$3,496.00 \$44,428.1 \$44,428.	1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00
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Pumps Immility Macha Brookshire, TX Flow Prod Manufacturing Shop Pumps Michael Michaelis Brookshire, TX Flow Prod Manufacturing Shop Pumps Larry Novicke Brookshire, TX Flow Prod Manufacturing Shop Pumps David Keeth Brookshire, TX Flow Prod Manufacturing Shop Pumps Gabriel Carrillo Brookshire, TX Flow Prod Manufacturing Shop Pumps Gabriel Carrillo Brookshire, TX Flow Prod Manufacturing Shop Pumps Wayne Cooper Brookshire, TX Flow Prod Manufacturing Shop Pumps Marcos Escobedo Brookshire, TX Flow Prod Manufacturing Shop Pumps David Ross Brookshire, TX Flow Prod Manufacturing Shop Pumps David Ross Brookshire, TX Flow Prod Manufacturing Shop Pumps David Ross Brookshire, TX Flow Prod Manufacturing Shop Pumps David Ross Brookshire, TX Flow Prod Manufacturing Shop Pumps David Ross Brookshire, TX Flow Prod Manufacturing Shop Pumps David Ross Brookshire, TX Flow Prod Manufacturing Shop Pumps David Ross Brookshire, TX Flow Prod Manufacturing Shop Pumps David Ross Brookshire, TX Flow Prod Manufacturing Shop Pumps David Ross Brookshire, TX Flow Prod Manufacturing Shop Pumps David Ross Rosokshire, TX Flow Prod Manufacturing Shop Pumps David Ross Rosokshire, TX Flow Prod Manufacturing Shop Pumps David Ross Rosokshire, TX Flow Prod Manufacturing Shop Pumps David Ross Rosokshire, TX Flow Prod Manufacturing Shop Pumps Rosokshire, TX Flow Prod	\$3,693.00 \$44,316.1 \$3,490.00 \$41,760.1 \$3,740.00 \$44,890.1 \$3,490.00 \$44,616.1 \$3,409.00 \$44,990.1 \$3,675.00 \$44,100.1 \$3,996.00 \$47,952.1 \$3,859.00 \$46,308.1 \$2,774.00 \$33,288.1 \$3,070.00 \$36,6408.1 \$2,774.90 \$33,288.1 \$3,070.00 \$35,640.1 \$3,07	100 100 100 100 100 100 100 100 100 100
Pumps Larry Novicke Brookshire, TX Flow Prod Manufacturing-Shop Pumps Larry Novicke Brookshire, TX Flow Prod Manufacturing-Shop Pumps David Keeth Brookshire, TX Flow Prod Manufacturing-Shop Pumps Gabriel Carrillo Brookshire, TX Flow Prod Manufacturing-Shop Pumps Wayne Cooper Brookshire, TX Flow Prod Manufacturing-Shop Pumps Johnny Fortenot Brookshire, TX Flow Prod Manufacturing-Shop Pumps Johnny Fortenot Brookshire, TX Flow Prod Manufacturing-Shop Pumps David Ross Brookshire, TX Flow Prod Manufacturing-Shop Pumps David Ross Brookshire, TX Flow Prod Manufacturing-Shop Pumps Pad Felson, Sf. Brookshire, TX Flow Prod Manufacturing-Shop Pumps Pad Felson, Sf. Brookshire, TX Flow Prod Manufacturing-Shop Pumps Pad Felson, Sf. Brookshire, TX Flow Prod Manufacturing-Shop Pumps Pad Felson, Sf. Brookshire, TX Flow Prod Manufacturing-Shop Pumps Pad Felson, Sf. Brookshire, TX Flow Prod Manufacturing-Shop Pumps Perkins Brookshire, TX Flow Prod Manufacturing-Shop Pumps Perkins Brookshire, TX Flow Prod Manufacturing-Shop Pumps Perkins Brookshire, TX Flow Prod Manufacturing-Shop Pumps Popped Marufacturing-Shop Pumps Perkins Brookshire, TX Flow Prod Manufacturing-Shop Pumps Pe	\$3,480.00 \$41,760. \$3,740.00 \$44,890. \$3,468.00 \$41,616. \$3,409.00 \$40,990. \$3,675.00 \$44,100. \$3,996.00 \$47,952. \$3,859.00 \$46,3008. \$2,774.00 \$33,288. \$3,070.00 \$36,840. \$3,559.00 \$42,708. \$3,120.00 \$33,440.	1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00
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Pumps David Keeth Brookshire, TX Flow Prod Manufacturing-Shop J. Machine Shop Dt. Journeyman Mach 5/8/02 Pumps Wayne Cooper Brookshire, TX Flow Prod Manufacturing-Shop J. Machine Shop Dt. Journeyman Mach 5/8/02 Pumps Johnny Fortenot Brookshire, TX Flow Prod Manufacturing-Shop J. Machine Shop Dt. Journeyman Mach D 9/16/88 Pumps Marces Escobedo Brookshire, TX Flow Prod Manufacturing-Shop J. Machine Shop Dt. Journeyman Mach LD 9/16/88 Pumps David Ross Brookshire, TX Flow Prod Manufacturing-Shop J. Machine Shop Dt. Journeyman Mach LD 10/2/19/8 Pumps Charlie Whitaker Brookshire, TX Flow Prod Manufacturing-Shop J. Machine Shop Dt. Machinist 5/13/04 Pumps Pad Folsom, St. Brookshire, TX Flow Prod Manufacturing-Shop J. Machine Shop Dt. Machinist, CNC Sr 1/2/19/91 Pumps Larry Perkins Brookshire, TX Flow Prod Manufacturing-Shop J. Machine Shop Dt. Machinist, CNC Sr 1/2/19/91 Pumps Picardo Aguitar Brookshire, TX Flow Prod Manufacturing-Shop J. Machine Shop Dt. Machinist, Sr 1/1/3/02 Pumps Elseo Salazar Brookshire, TX Flow Prod Manufacturing-Shop J. Machine Shop Dt. Machinist, Sr 1/1/3/02 Pumps Boariel Evans Brookshire, TX Flow Prod Manufacturing-Shop J. Machine Shop Dt. Machinist, Sr 1/1/3/02 Pumps Boariel Evans Brookshire, TX Flow Prod Manufacturing-Shop J. Machine Shop Dt. Machinist, Sr 1/1/3/02 Pumps Jose Mendez Brookshire, TX Flow Prod Manufacturing-Shop J. Machine Shop Dt. Machinist, Sr 1/1/3/02 Pumps Jose Mendez Brookshire, TX Flow Prod Manufacturing-Shop J. Machine Shop Dt. Machinist, Sr 1/1/3/02 Pumps Jose Mendez Brookshire, TX Flow Prod Manufacturing-Shop J. Machine Shop Dt. Machinist, Sr 1/1/3/04 Pumps Jose Mendez Brookshire, TX Flow Prod Manufacturing-Shop J. Machine Shop Dt. Machinist, Sr 1/1/3/04 Pumps Jose Mendez Brookshire, TX Flow Prod Manufacturing-Shop J. Machine Shop Dt. Machinist, Sr 1/1/3/09 Pumps Daniel Evans Brookshire, TX Flow Prod Manufacturing-Shop J. Machine Shop Dt. Welder 1/1/3/09 Pumps Pedo Garcia Brookshire, TX Flow Prod Manufacturing-Shop J. Machine Shop Dt. Welder 1/1/3/09 Pumps Pedo Garcia	\$3,468.00 \$41,616 (\$3,409.00 \$40,908 (\$3,675.00 \$44,100 (\$3,996.00 \$47,952 (\$3,896.00 \$47,952 (\$3,896.00 \$43,004 (\$3,004.00 \$33,288 (\$3,070.00 \$33,288 (\$3,555.00 \$42,708 (\$3,266.00 \$39,552 (\$3,120.00 \$37,440 (1.00 1.00 1.00 2.00 1.00 1.00
Pumps Gabriel Carrillo Brookshie, TX Flow Prod Manufacturing-Shop J. Machine Shop Dt. Journeyman Mach 101098 Pumps Wayne Cooper Brookshie, TX Flow Prod Manufacturing-Shop J. Machine Shop Dt. Journeyman Mach 101098 Pumps Johnny Fortenot Brookshie, TX Flow Prod Manufacturing-Shop J. Machine Shop Dt. Journeyman Mach D 971688 Pumps David Ross Brookshie, TX Flow Prod Manufacturing-Shop J. Machine Shop Dt. Journeyman Mach D 1012798 Pumps David Ross Brookshie, TX Flow Prod Manufacturing-Shop J. Machine Shop Dt. Journeyman Mach D 1012798 Pumps Charlie Whitaker Brookshie, TX Flow Prod Manufacturing-Shop J. Machine Shop Dt. Machinist 571304 Pumps Charlie Whitaker Brookshie, TX Flow Prod Manufacturing-Shop J. Machine Shop Dt. Machinist 672804 Pumps Lany Perkins Brookshie, TX Flow Prod Manufacturing-Shop J. Machine Shop Dt. Machinist, CNC Sr 1271091 Pumps Jose Moreno Brookshie, TX Flow Prod Manufacturing-Shop J. Machine Shop Dt. Machinist, CNC Sr 1271091 Pumps Pacardo Agular Brookshie, TX Flow Prod Manufacturing-Shop J. Machine Shop Dt. Machinist, Sr 117802 Pumps Robert Rossalez Brookshie, TX Flow Prod Manufacturing-Shop J. Machine Shop Dt. Machinist, Sr 117802 Pumps Robert Rossalez Brookshie, TX Flow Prod Manufacturing-Shop J. Machine Shop Dt. Machinist, Sr 1011998 Pumps Daniel Evans Brookshie, TX Flow Prod Manufacturing-Shop J. Machine Shop Dt. Machinist, Sr 1011998 Pumps Daniel Evans Brookshie, TX Flow Prod Manufacturing-Shop J. Machine Shop Dt. Machinist, Sr 1011998 Pumps Jose Mender Brookshie, TX Flow Prod Manufacturing-Shop J. Machine Shop Dt. Machinist, Sr 1011998 Pumps Daniel Evans Brookshie, TX Flow Prod Manufacturing-Shop J. Machine Shop Dt. Machinist, Sr 1011998 Pumps Dece Ramos Brookshie, TX Flow Prod Manufacturing-Shop J. Machine Shop Dt. Welder 11/1696 Pumps Pedio Garcia Brookshie, TX Flow Prod Manufacturing-Shop J. Machine Shop Fab Dt. Welder 11/1696 Pumps Pedio Garcia Brookshie, TX Flow Prod Manufacturing-Shop J. Machine Shop Fab Dt. Welder 11/1696 Pumps Pedio Garcia Brookshie, TX Flow Prod Manufacturing-Sh	\$3,409.00 \$40,908. \$3,675.00 \$44,100. \$3,996.00 \$47,952. \$3,859.00 \$46,308. \$3,034.00 \$35,6408. \$2,774.00 \$33,288. \$3,070.00 \$36,840. \$3,559.00 \$42,708. \$3,286.00 \$39,552. \$3,120.00 \$37,440.	100 100 200 100 100 100
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Pumps David Ross Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL Machinist Grand Grand Machinist, CNC Sr 17/199 Part Folson, St. Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL Machinist, CNC Sr 17/199 Larry Perkins Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL Machinist, CNC Sr 17/199 Jose Moreno Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL Machinist, CNC Sr 17/199 Pumps Facardo Aguilar Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL Machinist, Sr 17/1901 Pumps Esseo Salazar Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL Machinist, Sr 11/1902 Pumps Robert Rossalez Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL Machinist, Sr 10/1998 Pumps Daniel Evans Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL Machinist, Sr 10/1998 Pumps Jose Mendez Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL Machinist, Sr 10/1998 Pumps Jose Ramos Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL William Machinist, Sr 10/1998 Pumps Pedo Garcia Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL William Machinist, Sr 10/1998 Pumps Pedo Garcia Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL William Machinist, Sr 10/1998 Pumps Pedo Garcia Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder 17/1909 Pumps Pedo Garcia Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder 17/1909 Pumps Pedo Garcia Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder 17/1909 Pumps Pedo Garcia Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder 17/1909 Pumps Pedo Garcia Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder 17/1909 Pumps Pedo Garcia Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder 17/1909 Pumps Pedo Garcia Brookshire, TX Flow Prod Manufacturing-Shop JP Pump Fest Lab Tech Sr LD Groosp	\$3,034.00 \$36,408 \$2,774.00 \$33,288 \$3,070.00 \$36,840 \$3,559.00 \$42,708 \$3,296.00 \$39,552 \$3,120.00 \$37,440	1.00 1.00
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Pumps Larry Petkins Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL Machinist, Sr 97688 Pumps Jose Moreno Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL Machinist, Sr 117802 Pumps Fiscardo Aguilar Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL Machinist, Sr 117802 Pumps Elseo Salazar Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL Machinist, Sr 117802 Pumps Miguel Recerdez Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL Machinist, Sr 10/1998 Pumps Pabet Rossalez Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL Machinist, Sr 10/1998 Pumps Daniel Evans Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL Machinist, Sr 10/1998 Pumps Jose Mendez Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL Willy Worker 17/1204 Pumps Jose Ramos Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL Utility Worker 17/1209 Pumps Pedio Garcia Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder 17/1900 Pumps Chatley Peters Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder 17/1900 Pumps Fred Munoz Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder 17/1900 Pumps Hector Gomez Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder 17/1900 Pumps Hector Gomez Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder 17/1900 Pumps Claudio Garcia Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder 17/1900 Pumps Darryl Claudio Garcia Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder 17/1900 Pumps Darryl Claudio Garcia Brookshire, TX Flow Prod Manufacturing-Shop JP Pump Test Lab Test Lab Tech 11/1/201 Pumps Darryl Claudio Brookshire, TX Flow Prod Manufacturing-Shop JP Pump Test Lab Test Lab Tech 11/1/201 Pumps Darryl Claudio Brookshire, TX Flow Prod Manufacturing-Shop JP Pump Test Lab Test Lab Tech 11/1/201 Pumps Darryl Claudio Garcia Brookshire, TX Flow Prod Manufacturing-S	\$3,559.00 \$42,708. \$3,296.00 \$39,552. \$3,120.00 \$37,440.	
Pumps Jose Moreno Brookshire, TX Flow Prof Manufacturing-Shop JP Machine Shop DL Machinist, Sr 11/8/02 Pumps Fiscando Aguilar Brookshire, TX Flow Prof Manufacturing-Shop JP Machine Shop DL Machinist, Sr 11/8/02 Pumps Elseo Salazar Brookshire, TX Flow Prof Manufacturing-Shop JP Machine Shop DL Machinist, Sr 9/19/88 Pumps Miguel Recendez Brookshire, TX Flow Prof Manufacturing-Shop JP Machine Shop DL Machinist, Sr 10/19/98 Pumps Daniel Evans Brookshire, TX Flow Prof Manufacturing-Shop JP Machine Shop DL Machinist, Sr 10/19/98 Pumps Daniel Evans Brookshire, TX Flow Prof Manufacturing-Shop JP Machine Shop DL Machinist, Sr 10/19/98 Pumps Jose Mendez Brookshire, TX Flow Prof Manufacturing-Shop JP Machine Shop DL VT Operator 7/12/04 Pumps Pedo Garcia Brookshire, TX Flow Prof Manufacturing-Shop JP Machine Shop DL VT Operator 7/12/04 Pumps Pedo Garcia Brookshire, TX Flow Prof Manufacturing-Shop JP Machine Shop Fab DL Welder 1/16/96 Pumps Benancio Martinez Brookshire, TX Flow Prof Manufacturing-Shop JP Machine Shop Fab DL Welder 7/19/00 Pumps Pred Munoz Brookshire, TX Flow Prof Manufacturing-Shop JP Machine Shop Fab DL Welder 1/19/03 Pumps Pedo Garcia Brookshire, TX Flow Prof Manufacturing-Shop JP Machine Shop Fab DL Welder 1/19/03 Pumps Pedo Garcia Brookshire, TX Flow Prof Manufacturing-Shop JP Machine Shop Fab DL Welder 1/19/03 Pumps Pedo Garcia Brookshire, TX Flow Prof Manufacturing-Shop JP Machine Shop Fab DL Welder 1/19/03 Pumps Darryl Clark Brookshire, TX Flow Prof Manufacturing-Shop JP Machine Shop Fab DL Welder Fire, Sr Darryl Clark Brookshire, TX Flow Prof Manufacturing-Shop JP Pump Test Lab Test L	\$3,296,00 \$39,552 \$3,120,00 \$37,440	
Pumps Fiscardo Agular Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL Machinist, Sr 11/80/2 Pumps Fiscardo Agular Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL Machinist, Sr 9/19/88 Pumps Miguel Recendez Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL Machinist, Sr 9/19/88 Pumps Robert Rosalez Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL Machinist, Sr 9/19/88 Pumps Daniel Evans Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL Supv, Manufacturing 11/17/15 Pumps Jose Mendez Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL VT Operator 17/12/04 Pumps Jose Ramos Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL Utilty Worker 12/30/97 Pumps Pedo Garcia Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Utilty Worker 17/19/00 Pumps Pedo Martinez Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder 17/19/00 Pumps Berancio Martinez Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder 17/19/00 Pumps Hector Gomez Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder 17/19/00 Pumps Hector Gomez Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder 17/19/00 Pumps Hector Gomez Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder 17/19/00 Pumps Jesus Cruiz Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL WelderFitte, Sr 87/09/93 Pumps Darrell Hobb Brookshire, TX Flow Prod Manufacturing-Shop JP Pump Test Lab Test Lab Test Deck Fab Darrell Hobb Brookshire, TX Flow Prod Manufacturing-Shop JP Pump Test Lab Test Lab Test Deck Fab Darrell Fab Darrell Hobb Brookshire, TX Flow Prod Manufacturing-Shop JP Pump Test Lab Test Lab Test Deck Fab Darrell Fab Fab Darrell Fab Darrell Fab Darrell Fab Darrell Fab Darrell Fab	\$3,120.00 \$37.440	
Pumps Facardo Aguitar Brookshire, TX Flow Prod Manufacturing-Shop J. P. Machine Shop DL. Machinist, Sr 11/8/02 Pumps Esseo Salazar Brookshire, TX Flow Prod Manufacturing-Shop J. P. Machine Shop DL. Machinist, Sr 6/19/88 Pumps Miguel Recendez Brookshire, TX Flow Prod Manufacturing-Shop J. P. Machine Shop DL. Machinist, Sr 10/19/98 Pumps Robert Rosakz Brookshire, TX Flow Prod Manufacturing-Shop J. P. Machine Shop DL. Machinist, Sr 10/19/98 Pumps Daniel Evans Brookshire, TX Flow Prod Manufacturing-Shop J. P. Machine Shop DL. Sup, Manufacturing 11/17/5 Pumps Jose Mendez Brookshire, TX Flow Prod Manufacturing-Shop J. P. Machine Shop DL. VT Operator 7/12/04 Pumps Pedo Garcia Brookshire, TX Flow Prod Manufacturing-Shop J. P. Machine Shop Fab DL. Utility Worker 12/3/09/7 Pumps Pedo Garcia Brookshire, TX Flow Prod Manufacturing-Shop J. P. Machine Shop Fab DL. Welder 17/19/00 Pumps Benancio Martinez Brookshire, TX Flow Prod Manufacturing-Shop J. P. Machine Shop Fab DL. Welder 7/19/00 Pumps Fred Munoz Brookshire, TX Flow Prod Manufacturing-Shop J. P. Machine Shop Fab DL. Welder 11/19/03 Pumps Fred Munoz Brookshire, TX Flow Prod Manufacturing-Shop J. P. Machine Shop Fab DL. Welder 11/19/03 Pumps Hector Gornez Brookshire, TX Flow Prod Manufacturing-Shop J. P. Machine Shop Fab DL. Welder-Fitter, Sr 8/3/09/3 Pumps Claudio Garcia Brookshire, TX Flow Prod Manufacturing-Shop J. P. Machine Shop Fab DL. Welder-Fitter, Sr 8/3/09/3 Pumps Darryl Clark Brookshire, TX Flow Prod Manufacturing-Shop J. P. Machine Shop Fab DL. Welder-Fitter, Sr 8/3/09/3 Pumps Darryl Clark Brookshire, TX Flow Prod Manufacturing-Shop J. P. Pump Test Lab Tech Sr LD 6/2/08/9 Pumps Darryl Clark Brookshire, TX Flow Prod Manufacturing-Shop J. P. Shipping/Receiving Slore-Eeeper, Sr 3/4/99 Pumps Darryl Clark Brookshire, TX Flow Prod Manufacturing-Shop J. P. Shipping/Receiving Slore-Eeeper, Sr 3/4/99		
Pumps Miguel Recendez Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL Machinist, Sr 10/1998 Miguel Recendez Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL Machinist, Sr 10/1998 Pumps Pabert Rosalez Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL Machinist, Sr 10/1998 Machine Shop DL VT Operator 7/12/04 Machine Shop DL Machine Shop DL VT Operator 7/12/04 Machine Shop DL Melder 1/16/06 Machine Shop Pab DL Melder 1/16/06 Machin	\$3,369.00 \$40,428.	
Pumps Robert Rosalez Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL Machinist, Sr 10/1998 Pumps Daniel Evans Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL Machinist, Sr 9/1002 Pumps Jose Mendez Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL VT Operator 7/12/04 Pumps Jose Ramos Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL VT Operator 7/12/04 Pumps Pecho Garcia Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Wilty Worker 12/30/99 Pumps Perdo Garcia Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder 7/18/00 Pumps Berancio Martinez Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder 7/18/00 Pumps Fred Munoz Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder 11/18/03 Pumps Hector Gomez Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder 11/18/03 Pumps Hector Gomez Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder 11/18/03 Pumps Claudio Garcia Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder/Fitter, Sr 8/30/93 Pumps Darrell Hobb Brookshire, TX Flow Prod Manufacturing-Shop JP Pump Test Lab Test Lab Tech 11/1/20/1 Pumps Darrell Hobb Brookshire, TX Flow Prod Manufacturing-Shop JP Pump Test Lab Test Lab Tech 11/1/20/1 Pumps Darrell Hobb Brookshire, TX Flow Prod Manufacturing-Shop JP Pump Test Lab Test Lab Tech 11/1/20/1 Pumps Darrell Hobb Brookshire, TX Flow Prod Manufacturing-Shop JP Shipping/Receiving Slorekeeper, Sr 5/4/09		
Pumps Daniel Evans Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL Supv, Manufacturing 11/17/15 Pumps Daniel Evans Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL Supv, Manufacturing 11/17/15 Pumps Jose Mendez Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL VT Operator 17/12/04 Pumps Pedo Garcia Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Utilty Worker 12/30/97 Pumps Pedo Garcia Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder 17/19/00 Pumps Berancio Martinez Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder 11/19/03 Pumps Fred Munoz Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder 11/19/03 Pumps Hector Gomez Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder 11/19/03 Pumps Claudio Garcia Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL WelderFitte, Sr 87/04/00 Pumps Jesus Cruzz Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL WelderFitte, Sr 87/04/00 Pumps Darryl Clark Brookshire, TX Flow Prod Manufacturing-Shop JP Pump Test Lab Test Lab Tech 11/1/201 Pumps Darryl Clark Brookshire, TX Flow Prod Manufacturing-Shop JP Pump Test Lab Test Lab Tech, Sr LD 67/089 Pumps Darryl Clark Brookshire, TX Flow Prod Manufacturing-Shop JP Shipping/Receiving Slorekeeper, Sr 57/04/00	\$3,223.00 \$38,676	
Pumps Dariel Evans Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL VT Operator 7/12/04 Pumps Jose Mendez Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop DL VT Operator 7/12/04 Pumps Dase Ramos Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Willy Worker 12/3/09/17 Pumps Pedo Garcia Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder 17/16/86 Pumps Charley Peters Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder 7/19/00 Pumps Berancio Martinez Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder 11/16/86 Pumps Fred Munoz Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder 11/19/03 Pumps Hector Gomez Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welderfitte, Sr 7/24/00 Pumps Claudio Garcia Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welderfitte, Sr 8/30/93 Pumps Darryl Clark Brookshire, TX Flow Prod Manufacturing-Shop JP Pump Test Lab Test Lab Tech 11/1/201 Pumps Darryl Clark Brookshire, TX Flow Prod Manufacturing-Shop JP Pump Test Lab Test Lab Tech, Sr LD 6/20/89 Pumps Darryl Clark Brookshire, TX Flow Prod Manufacturing-Shop JP Shipping/Receiving Slorekeeper, Sr 3/4/99 Pumps Darryl Clark Brookshire, TX Flow Prod Manufacturing-Shop JP Shipping/Receiving Slorekeeper, Sr 5/4/90	\$3,314.00 \$39,768	
Pumps Jose Mendez Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Dt. VT Operator 7/7/204 Pumps Jose Ramos Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Dt. Utility Worker 12/30997 Pumps Pedo Garcia Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab Dt. Welder 1/16/86 Pumps Berancio Martinez Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab Dt. Welder 7/19/00 Pumps Fred Munoz Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab Dt. Welder 1/19/03 Pumps Hector Gomez Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab Dt. Welder/Fifter, Sr 7/24/00 Pumps Claudio Garcia Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab Dt. Welder/Fifter, Sr 8/30/93 Pumps Jesus Cruz Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab Dt. Welder/Fifter, Sr Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab Dt. Welder/Fifter, Sr Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab Dt. Welder/Fifter, Sr Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab Dt. Welder/Fifter, Sr Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab Dt. Welder/Fifter, Sr Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab Dt. Welder/Fifter, Sr Brookshire, TX Flow Prod Manufacturing-Shop JP Pump Test Lab Test Lab Tech, Sr LD Gr20/89 Pumps Darrell Holub Brookshire, TX Flow Prod Manufacturing-Shop JP Shipping/Receiving Slorekeeper, Sr 3/499	\$5,546.00 \$66,552	7.77
Pumps Jose Ramos Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder 17/18/06 Pumps Pecho Garcia Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder 17/18/06 Pumps Bernancio Martínez Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder 17/18/00 Pumps Fred Munoz Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder 11/19/03 Pumps Hector Gomez Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder/Fitter, Sr 7/74/00 Pumps Claudio Garcia Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder/Fitter, Sr 8/30/93 Pumps Jesus Cruz Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder/Fitter, Sr 8/30/93 Pumps Darryl Clark Brookshire, TX Flow Prod Manufacturing-Shop JP Pump Test Lab Tech 11/17/01 Pumps Darryl Clark Brookshire, TX Flow Prod Manufacturing-Shop JP Pump Test Lab Tech Sr LD 6/70/89 Pumps Darryl Hobb Brookshire, TX Flow Prod Manufacturing-Shop JP Shipping/Receiving Slorekeeper, Sr 3/4/99 Pumps Darryl Hobb Brookshire, TX Flow Prod Manufacturing-Shop JP Shipping/Receiving Slorekeeper, Sr 5/4/99	\$3,121.00 \$37,452	
Pumps Pedio Garcia Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder 7/19/00 Pumps Charley Peters Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder 7/19/00 Pumps Berancio Martinez Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder 11/19/03 Pumps Fred Munoz Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder 11/19/03 Pumps Claudio Garcia Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL WelderFitter, Sr 8/30/93 Pumps Claudio Garcia Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL WelderFitter, Sr 8/30/93 Pumps Jesus Cruz Brookshire, TX Flow Prod Manufacturing-Shop JP Pump Test Lab Test Lab Tech 11/1/201 Pumps Darryl Clark Brookshire, TX Flow Prod Manufacturing-Shop JP Pump Test Lab Test Lab Tech, Sr LD 6/20/89 Pumps Darryl Hobb Brookshire, TX Flow Prod Manufacturing-Shop JP Shipping/Receiving Slorekeeper, Sr 3/4/99	\$2,194.00 \$26,32B	
Pumps Charley Peters Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder 7/19/00 Pumps Berancio Martinez Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder 11/19/03 Pumps Fred Munoz Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder/Fitter, Sr 7/74/00 Pumps Claudio Garcia Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder/Fitter, Sr 8/30/93 Pumps Claudio Garcia Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder/Fitter, Sr 8/30/93 Pumps Jesus Cruz Brookshire, TX Flow Prod Manufacturing-Shop JP Pump Test Lab Test Lab Tech Sr LD 6/20/89 Pumps Darrell Holub Brookshire, TX Flow Prod Manufacturing-Shop JP Shipping/Receiving Slorekeeper, Sr 3/49/9	\$3,160.00 \$37,920	
Pumps Berancio Martinez Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Welder 11/19/03 Pumps Fred Munoz Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL WelderFitter, Sr 77/24/00 Pumps Claudio Garcia Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL WelderFitter, Sr 8/30/93 Pumps Daryl Clark Brookshire, TX Flow Prod Manufacturing-Shop JP Pump Test Lab Test Lab Tech 11/1/201 Pumps Daryl Clark Brookshire, TX Flow Prod Manufacturing-Shop JP Pump Test Lab Test Lab Tech 11/1/201 Pumps Daryl Holub Brookshire, TX Flow Prod Manufacturing-Shop JP Shipping/Receiving Slorekeeper, Sr 3/4/99 Pumps Daryl Holub Brookshire, TX Flow Prod Manufacturing-Shop JP Shipping/Receiving Slorekeeper, Sr 3/4/99	\$3,060.00 \$36,720	
Pumps Fred Munoz Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab Dt. Welder/Fifter, Sr 772400 Pumps Hector Gomez Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab Dt. Welder/Fifter, Sr 873093 Pumps Claudio Garcia Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab Dt. Welder/Fifter, Sr Brookshire, TX Flow Prod Manufacturing-Shop JP Pump Test Lab Test Lab Tech Sr LD 672089 Pumps Darrell Hobb Brookshire, TX Flow Prod Manufacturing-Shop JP Shipping/Receiving Slorekeeper, Sr 34999	\$2,774.00 \$33,288	100
Pumps Claudio Garcia Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Weldeuf-litter, Sr Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab DL Weldeuf-litter, Sr LD Brookshire, TX Flow Prod Manufacturing-Shop JP Pump Test Lab Test Lab Tech 11/1/201 Pumps Darryl Ctark Brookshire, TX Flow Prod Manufacturing-Shop JP Pump Test Lab Test Lab Tech, Sr LD Gr2089 Pumps Darryl Hobb Brookshire, TX Flow Prod Manufacturing-Shop JP Shipping/Receiving Slorekeeper, Sr 3/1/99	\$2,990.12 \$35,881	
Pumps Claudio Garcia Brookshire, TX Flow Prod Manufacturing-Shop JP Machine Shop Fab Dt. Welder/Filter, Sr LD 8/16/83 Pumps Jesus Cruz Brookshire, TX Flow Prod Manufacturing-Shop JP Pump Test Lab Test Lab Tech 11/1/201 Pumps Darryl Clark Brookshire, TX Flow Prod Manufacturing-Shop JP Pump Test Lab Test Lab Tech, Sr LD 6/20/89 Pumps Darrell Holub Brookshire, TX Flow Prod Manufacturing-Shop JP Shipping/Receiving Storekeeper, Sr 3/4/99	\$3,294.00 \$39,528	3.00
Pumps Jesus Cruz Brookshire, TX Flow Prod Manufacturing-Shop JP Pump Test Lab Test Lab Tech 11/1/201 Pumps Darryl Clark Brookshire, TX Flow Prod Manufacturing-Shop JP Pump Test Lab Test Lab Tech, Sr LD 6/20/89 Pumps Darrell Holub Brookshire, TX Flow Prod Manufacturing-Shop JP Shipping/Receiving Storekeeper, Sr 3/499	\$3,561.00 \$42,732	200
Pumps Darrell Holds Brookshire, TX Flow Prod Manufacturing-Shop JP Pump Test Lab Test Lab Tech, Sr LD 6/20/89 Pumps Darrell Holds Brookshire, TX Flow Prod Manufacturing-Shop JP Shipping/Receiving Storekeeper, Sr 3/4/99	\$2,110.00 \$25,320	0.00
Pumps Darrell Holub Brookshire, TX Flow Prod Manufacturing-Shop JP Shipping/Receiving Storekeeper, Sr 3/4/99	\$3,392.00 \$40,704	4.00
COLD COLD COLD COLD COLD COLD COLD COLD	\$2,368.00 \$28,416	6.00
Pumps Lloyd Caldwell Brookshire, TX Flow Prod Manufacturing-Shop JP Shipping/Receiving Storekeeper, Sr 6/25/92	\$2,559.00 \$30,708	8.00
Pumps Doughs Treybig Brookshire, TX Flow Prod Manufacturing-Shop JP Shipping/Receiving Storekeeper, SrLD 9/2392	\$3,570.00 \$42,840	0.00
Pumps William Schneider Brookshire, TX Flow Prod Manufacturing-Shop JP Shipping/Receiving Truck Driver 4/991	\$2,604.00 \$31,248	00.8
Pumps Eduardo Ibarra Brockshire, TX Flow Prod Materials JP Material-Prod/fine Ctrl Mfg Specialist, Sr 7/19/84	\$5,580.00 \$66,960	0.00
Pumps David Kosler Brookshire, TX Flow Prod Materials JP Material-Prod/Inv Chi Planner 10'1 #98	\$3,570.00 \$42,840	0.00
Pumps David Wells Brookshire, TX Flow Prod Materials JP Material-Prod/Inv Ctrl Planner, S1 3/23/04	\$3,625.00 \$43,500	0.00
Pumps David Kola'a Brookshire, TX Flow Prod Materials JP Material-Prod/Inv Cbl Supv. Prod/Inv Cbl 4/13/92	\$5,100.00 \$61,200	0.00
Pumps Corinne Luxton Brookshire, TX JP Business Unit JP B.U. Sales/Cust Service Admin Assistant, Sr 3/494	\$3,404.00 \$40,848	8.00
Pumps Brad Michite Brookshre, TX JP Business Unit JP B.U. Sales/Cust Service Std Pump Sales Mgr 7/26/96	\$6,009.00 \$72,108	8.00
Pumps James Kinneary Brookshre, TX JP Business Unit JP B.U. Sales/Cust Service VP JP Business Unit 10/14/02	\$12,500.00 \$150,000	00.00
Pumps Christopher Kriec Brookshire, TX JP Business Unit JP Field Service Field Svc Specialist 12/29/97	\$4,100.00 \$49,200	0.00
Pumps Lawrence Bellner Mooreville, IN JP Business Unit JP Field Service Field Sec Specialist 3/798	\$5,367.00 \$64,404	4.00
Pumps John Weaver Brookshire, TX _IP Business Unit _IP Field Service Supv. Field Service 12/11/01	\$5,807.00 \$69,684	4.00
Pumps C. Dean Stoughton Brookshire, TX _IP Business Unit _IP Inside Sales Appl Engr 4/24/01	\$5,681.00 \$68,172	2.00
Pumps Christopher Hoffman Brookshire, TX JP Business Unit JP Inside Sales Appl Engr II 2/6/02	\$4,597.00 \$55,164	4.00

JP Inside Sales JP Business Unit Brookshire, TX Ronald Demick Pumps. JP Inside Sales Brookshire, TX JP Business Unit Nirmal Sarkar Pumps JP Business Unit JP Inside Sales Pumps Robit Mahajan Brookshire, TX JP Business Unit JP Inside Sales Brookshire, TX Alonzo Hunter Pumps JP Inside Sales Brookshire, TX JP Business Unit Schuria Burny Pumps JP Inside Sales JP Business Unit Molyneaux Brookshire, TX Pumps Coleman JP Business Unit JP Project Management Brookshire, TX Pumps Brian Kinnear JP Project Management JP Business Unit Brookshire, TX Jenay Pestyk Pumps JP Project Management IP Business Unit Brookshire, TX Scott Borgstede Pumps. JP Project Management JP Business Unit Brookshire, TX Pumps. Gary Purcell JP Project Management JP Business Unit Brookshire, TX Pumps Sean Horan Troy, OH IP Business Unit JP Project Sales Rowedda Pumps Edward JP Project Sales JP Business Unit Afred Trevillian Raleigh, NC Pumps JP Project Sales JP Business Unit Neil Switzer Brookshire, TX Pumps JP Project Sales JP Business Unit Charles Smith, Jr. Brookshire, TX Pumps JP Business Unit JP Project Sales Martinez Brookshire, TX Deborah Pumps JP Project Sales Pomona CA JP Business Unit Leonard Griego Pumps Chattanooga, TN JP Business Unit - Aftermarket JP Chattanooga David Errick Pumps JP Chattanooga Chattanooga, TN JP Business Unit - Aftermarket Michael Davis. Pumps JP Business Unit - Aftermarket JP Chattanooga Chattanooga, TN Pumps. Charles Reeves JP Business Unit - Aftermarket JP Chattanooga Chattanooga, TN Pumps Jonathan James JP Business Unit - Aftermarket JP Chattanooga Chattanooga, TN Paul Beinecke Pumps. Chattanooga, TN Charles Craig Pumps Chattaneoga, TN Gerald Harrelson Pumps JP Business Unit - Aftermarket JP Chattanooga Randolph, MA Pumps Keith Murphy JP Business Unit - Aftermarket JP Chattarooga Chattaneoga, TN Pumps Thomas Matuszak McCord Chattanooga, TN Pumps Marbeth JP Business Unit - Affermarket JP Chattangoga Chattanooga, TN Stephen Brandon Pumps Chattannoga, TN Pumps William Harrison JP Business Unit - Aftermarket ... JP Chattanooga Huffaker Chattanooga, TN Pumps Wilkam JP Business Unit - Aftermarket JP Chattanooga Gallin Chattanooga, TN lames Pumps JP Business Unit - Aftermarket JP Chattanooga Chattanooga, TN Pumps Raymond Army Chattanooga, TN Pumps James Wooden JP Business Unit - Aftermarket JP Chattanooga Henderson Chattanooga, TN Pumps James JP Business Unit - Aftermarket JP Chattanooga Chattanooga, TN Pumps Donald Weeks Chattanooga, TN JP Business Unit - Aftermarket JP Chattanooga Miller Pumps Gary Kerneth Headrick Chattanooga, TN Pumps Pumps Stevensor House Chattanooga, TN JP Business Unit - Aftermarket JP Chattanooga Matherson Chattanoona, TN Pumps Billy Joe Chattanooga, TN Pumps Bobby Davis Chattanooga, TN Pumps. Stephen James Mobile, AL JP Business Unit - Aftermarket JP Custom Parts Pumps Donald Jackson Mobile, AL Pumps Earl Hester Mobile, AL Pumps Paul Henderson

Hampton, VA

IP Business Unit

JP Business Unit

Ortiz

Asher

Emesto

Melvin

Pumos

Pumos

Pumps

Ronald

Pomona CA

Brookshire, TX

Appl Spec	1/10/91	\$4,299.00	\$51,588.00
Appl Spec II	7/31/95	\$5,111.00	\$61,332.00
Appl Spec III	7/30/99	\$5,268.00	\$63,216.00
Contract Manager, Sr	12/14/81	\$6,112,00	\$73,344.00
Dir, Sales & Mktg	6/22/92	\$7,646.00	\$91,752.00
Inside Sales Admin	8/17/81	\$3,625.00	\$43,500.00
Inside Sales Admin	10/9/89	\$3,597.00	\$43,164.00
Product Cost Analyst	11/2/98	\$4,573.00	\$54,876.00
Dir, Bus. Unit Oper	10/1/02	\$7,084.00	\$85,008.00
Project Assistant	7/1/99	\$3,227.00	\$38,724.00
Project Manager	12/16/03	\$6,084.00	\$73,008.00
Project Manager II	3/15/94	\$5,803.00	\$69,636.00
Project Manager II	7/14/98	\$5,700.00	\$68,400.00
Regional Sales Mgr	3/1/04	\$5,000.00	\$60,000.00
	11/29/93	\$5,000.00	\$60,000.00
Regional Sales Mgr	9/9/02	\$5,416.67	\$65,000.04
Regional Sales Mgr	7/17/00	\$4,200.00	\$50,400.00
Regional Sales Mgr	5/10/04	\$4,500.00	\$54,000.00
Regional Sales Mgr	5/13/98	\$4,333.00	\$51,996.00
Regional Sales Mgr	9/1/02	\$4,506.00	\$54,072.00
Appl Engr	187553	\$7,725.00	\$92,700.00
Exelon Technical Mgr	6/30/03 8/12/98	\$2,965.00	\$35,580.00
Inspector	12/17/01	\$2,495.00	\$29,940.00
Inspector		\$9,167.00	\$110,004,00
Mgr. Engineering	7/1/04	\$5,159.00	\$61,908.00
Mgr, QA-Service	3/9/82		\$52,212.00
Nuclear Accts Mgr	9/3/79	\$4,351.00	5777676
Nuclear Accts Mgr	7/13/87	\$4,244.00	\$50,928.00 \$46,200.00
Nuclear Matris Coord	5/17/93	\$3,850.00	\$30,960.00
Office Coordinator	10/16/87	\$2,580.00	
Project Manager	6/1/04	\$5,584.00	\$67,008.00
QA Tech	9/16/92	\$3,216.00	\$38,592.00 \$40,284.00
Repair Technician	2/16/83	\$3,357.00	
Supv. Manufacturing	2/6/02	\$4,585.00	\$55,020.00
Supv. Prod/Inv Ctrl	8/1 3/80	\$4,144.00	\$49,728.00 \$38,640.00
Svc Machinist	10/26/98	\$3,220.00	
Svc Machinist	8/20/04	\$3,213.00	\$38,556.00
Svc Machinist	5/20/91	\$3,220,00	\$38,640.00
Svc Machinist	8/12/02	\$3,124.00	\$37,488.00
Svc Machinist, Sr	1/7/90	\$3,251.00	\$39,012.00
Svc Mechanic, Sr LD	6/15/79	\$3,327.00	\$39,924.00
Truck Driver	7/20/81	\$2,843.00	\$34,116.00
Welder	8/17/98	\$3,216.00	\$38,592.00
Welder, Sr	10/14/91	\$3,311.00	\$39,732.00
Custom Parts Tech	6/1/89	\$3,749.00	\$44,988.00
Mgr, Custom Parts	9/1/83	\$4,950.00	\$59,400.00
Parts Technician	7/1/02	\$2,918.00	\$35,016.00

9/1/79

\$4,979.00

\$59,748.00

Field Svc Specialist

Flow Products Employee List As Of 9/15/04

JP Inside Sales

JP Inside Sales

Pumps	Mortie	Whisner, Jr.	Pomona CA	PACO Business Unit	JP Permona	Shop Mechanic	4/21/04	\$2,947.00	\$35,364.00
Pumps	Charles	Pebl	Pomona CA	PACO Business Unit	PACO Pomona	Sales Repr	9/14/99	\$2,472.00	\$29,664.00
Pumps	Paul	Goudsmit	Pomona CA	PACO Business Unit	PACO Pomona	Sales Repr	10/16/95	\$2,352.00	\$28,224.00
Pumps	Dennis.	Thomas	Pomona CA	PACO Business Unit	PACO Pomona	Sales Repr	4/15/02	\$2,666.00	\$31,992.00
Pumps	Samuel	Haubrick	Pomona CA	PACO Business Unit	PACO Permena	Supv. Branch	2/1/73	\$4,656.00	\$55,872.00
Pumps	Carlos	Rocha	Pomona CA	PACO Business Unit	PACO Pemona	Svc Mechanic, Sr	2/6/84	\$3,668.00	\$44,016.00
Pumps	Frankin	Baker	Portland, OR	PACO Business Unit	PACO Pertland	Appl Engt	8/20/01	\$4,926.00	\$59,112.00
Pumps	Pager	Van Dyke	Portland, OR	PACO Business Unit	PACO Portland	Appl Engr	1/26/84	\$4,597.00	\$55,164.00
Pumps	Mark	Brown	Portland, OR	PACO Business Unit	PACO Pertland	Mgr. Branch	5/1/00	\$6,667.00	\$80,004.00
Pumps	Steven	Carett	Portland, OR	PACO Business Unit	PACO Portland	Mgr, Service	8/22/84	\$5,150.00	\$61,800.00
Pumps	Candy	Carutt	Portland, OR	PACO Business Unit	PACO Portland	Office Coordinator	5/23/83	\$3,069.00	\$36,828.00
Pumps	Carroll	Vernam	Portland, OR	PACO Business Unit	PACO Portland	Sales Repr	7/1/98	\$2,060.00	\$24,720.00
Pumps	Timothy	Bowers	Portland OR	PACO Business Unit	PACO Portland	Svc Mechanic, Sr	12/16/93	\$3,575.00	\$42,900.00
Pumps	Paul	Goldman	Portland OR	PACO Business Unit	PACO Portland	Svc Mechanic, Sr	5/10/99	\$3,489.00	\$41,868.00
Pumps	Pobin	Fuson	Portland OR	PACO Business Unit	PACO Portland	Svc Mechanic, Sr	2/17/92	\$3,700.00	\$44,400.00
Pumps	Donald	Lambert	Sacramento, CA	PACO Business Unit	PACO Sacramento	Appl Spec	10/14/02	\$2,000.00	\$24,000.00
Pumps	Timothy	Hollman	Sacramento, CA	PACO Business Unit	PACO Sacramento	Mgr, Sacramento Sis	9/1/76	\$3,274.00	\$39,288.00
Pumps	Michael	Reichlin	Sacramento, CA	PACO Business Unit	PACO Sacramento	Sales App Rep	5/20/96	\$3,436.00	\$41,232.00
Pumps	Susan	Martin	Seattle, WA	PACO Business Unit	PACO Seattle	Branch Administrator	3/1/90	\$3,835,00	\$46,020.00
Pumps	Michele	Menyman	Seattle, WA	PACO Business Unit	PACO Seattle	Inside Sales Rep	11/27/00	\$3,021.00	\$36,252.00
Pumps	Larry	Schleiffers	Seattle, WA	PACO Business Unit	PACO Seattle	Inside Sales Rep	6/1/94	\$3,125.00	\$37,500.00
Pumps	Cheryl	Wells	Portland, OR	PACO Business Unit	PACO Seattle	Inside Sales Rep	1/12/87	\$2,898.00	\$34,776.00
Pumps	Matthew	Gjerstad	Seattle, WA	PACO Business Unit	PACO Seattle	Mechanic I	3/15/04	\$3,287.00	\$39,444.00
Pumps	Peter	Hague	Seattle, WA	PACO Business Unit	PACO Seattle	Mgr. Branch	12/14/98	\$5,404.00	\$64,848.00
Pumps	Aaron	Spainhower	Seattle, WA	PACO Business Unit	PACO Seattle	Mgr, Service	6/3/02	\$4,334.00	\$52,008.00
Pumps	Corey	Rasmussen	Seattle, WA	PACO Business Unit	PACO Seattle	Outside Sales Rep	41/04	\$2,084.00	\$25,008.00
Pumps	Tom	Mash	Seattle, WA	PACO Business Unit	PACO Seattle	Sales App Rep. Sr	3/1/76	\$3.050.00	\$36,600.00
Pumps	David	Miller	Seattle, WA	PACO Business Unit	PACO Seattle	Sales Repr	6/16/03	\$2,080.00	\$24,960,00
Pumps	Mark	Kulien	Seattle, WA	PACO Business Unit	PACO Seattle	Svc Mechanic, Sr	11/6/95	\$4,027.00	\$48,324.00
Pumps	Joel	Grigar	Brookshire, TX	Pump Engineering	PACO Engineering	CAD Designer	12/29/98	\$3,252.00	\$39,024.00
Pumps	Mark	Menke	Brookshire, TX	Pump Engineering	PACO Engineering	CAD Designer, Sr	3/31/97	\$4,095.00	\$49,140.00
Pumps	Stuart	Bloomfield	Brookshire, TX	Pump Engineering	PACO Engineering	Design Engineer	5/3/99	\$5,195.00	\$62,340.00
Pumps	Richard	Gusset	Brookshire, TX	Pump Engineering	PACO Engineering	Dir, Engineering	2/18/98	\$8,333.00	\$99,996.00
Pumps	Rich	Calderon	Brookshire, TX	Pump Engineering	PACO Engineering	Engineer, Electrical	10/16/95	\$5,922.00	\$71,064.00
Pumps	David	Pavlock	Brookshire, TX	Pump Engineering	PACO Engineering	Engr Order Proc Tech	5/26/92	\$3,291.00	\$39,492.00
Pumps	Fred	Talmadge	Brookshire, TX	Pump Engineering	PACO Engineering	Prod Spst, Bldg Trds	3/30/81	\$4,103.00	\$49,236.00
Pumps	Peter	Eichler	Brookshire, TX	Pumps - On Division Payroll	Pump Operations	Vice President - Operations	2/2/98	\$15,000.00	\$180,000.00
Pumps	John	Gilchrist	Brookshire, TX	Pumps - On Division Payroll	Pump - Latin America	Vice President - Latin America	1/2/02	\$7,950.00	\$109,200.00

Location

- 800 Koomey Rd., Brookshire, Texas (PCC Flow Technologies LP)
- 2551 N.W. 30th Street, Portland, Oregon (Paco Pumps, PCC Flow Technologies LP)

- 7. Industrial Lease, dated January 26, 1994, between Broadbent Salt Lake One (predecessor-in-interest to The Prudential Insurance Company of America) and Johnston Pump/General Valve, Inc. concerning 3618 West 1820 South, Salt Lake City, Utah, as amended by the First Amendment to Lease dated February 19, 1999, as further amended by Second Amendment to Lease dated February 11, 2000, and as further amended by Third Amendment to Lease dated August, 2002. (PCC Flow Technologies LP) (3618 W. 1820 South, Salt Lake City, Utah)
- 8. Standard Industrial Lease, dated November 2, 1992, by and between A&B Auto Company and NEWFLO Corporation concerning 845 92nd Avenue, Oakland, California, as amended by Addendum to Lease dated November 2, 1992, as further amended by Extension of Lease dated March, 1996, and as further amended by the Letter Agreement regarding Lease Extension dated February 6, 2002. (845 92nd Avenue, Oakland, California)
- Agreement of Sublease, dated June 1, 2004, between Paco Pumps and DW Pumps, LLC (845 92nd Avenue, Oakland, California)
- 10. Lease, dated February 25, 1991, between Dallas Industrial/TCEP II Joint Venture and Paco Pumps, Inc., as amended by Lease Extension Agreement, dated February, 1996, between The Realty Associates Fund III, L.P. (as successor in interest to Dallas Industrial/TCEP II Joint Venture) and Paco Pumps, Inc., as further amended by Second Lease Extension Agreement dated January 2001. (PCC Flow Technologies LP) (4677 Mint Way, Dallas, Texas)
- 11. Lease of premises located at 3215 South 116th Street, Suite 105, Seattle, Washington 98168 from Bedford Properties, Inc. dated February 5, 1990, as amended by Addendum to Lease dated February 5, 1990, as further amended by First Amendment to Lease dated July 11, 1995, as further amended by Lease Amendment No. 2 dated August 20, 1998, and as further amended by Lease Amendment No. 3, dated October 16, 2003, between Paco Pumps, Inc. and AMB Institutional Alliance Fund I, L.P. (as successor in interest to Gateway North Properties, L.L.C). (3215 S. 116th Street #109, Seattle, Washington)

Johnston Pump Company	Distributor	Date of Agreement
Manufacturer's Representative Agreement	AmerTech, Inc.	3/1/03
Distributor Agreement	ANM Equipment	11/1/93
Non-Exclusive Distribution Agreement	Aqua-Pak Systems Inc.	2/10/04
Manufacturer's Representative Agreement	AS-Tech Engineering Company	6/1/03
Letter of Appointment	Bayu Purnama Sdn Bhd	2/6/01
Manufacturer's Representative Agreement	Carl Eric Johnson, Inc.	9/1/03
Manufacturer's Representative Agreement	Coast Pump Water Technologies	1/15/00
Manufacturer's Representative Agreement	Control and Equipment Co. of El Paso, Inc.	4/5/04
Manufacturer's Representative Agreement	Courtney & Nye, Inc.	12/1/03
Manufacturer's Representative Agreement	Custom Pump & Controls, Inc.	2/1/04
Representation letter	Dar Al Riyadh Holding Co. Ltd. (Dar-Masdar)	10/22/01
Validation of Distributor Agreement letter	Electrical Work and Maintenance	8/31/01
Manufacturer's Representative Agreement	Emmons Pump & Control, Inc.	1/8/04
Manufacturer's Representative Agreement	Fluid Machinery, Inc.	4/1/98
Manufacturer's Representative Agreement	Gayle Corporation Equipment Sales	6/1/98
Manufacturer's Representative Agreement	Heyward, Incorporated	4/1/04
Distributor Agreement	Holt-Ramsey Pump & Equipment Co.	6/1/98
Licensing and Distribution Agreement	Johnston Pump of Canada	5/1/95
Appointment Letters	Lani Corporation	12/29/00;
	1	5/17/01
Manufacturer's Representative Agreement	Mechanical Industrial Sales, Inc.	1/11/01
Manufacturer's Representative Agreement;	Motion Industries	7/30/03
Addendum to Manufacturers Agreement		
Manufacturer's Representative Agreement	Peak Sales, Inc.	12/15/97
Manufacturer's Representative Agreement	Power Technology Services, Inc.	4/8/03
Manufacturer's Representative Agreement	Prairie Pump & Equipment	11/1/98
Sales Representative Agreement	P.T. Arezda Purnama Loka	7/1/90
Manufacturer's Representative Agreement	P.T. Gua Pertiwi Cemerlang	7/11/95
Manufacturer's Representative Agreement	Pump & Power Equipment, LLC.	2/10/04
Manufacturer's Representative Agreement	Pumps Plus, Inc.	4/1/97
Manufacturer's Representative Agreement	Sabol & Rice, Inc.	5/1/00
Manufacturer's Representative Agreement	Service Pump & Supply, Inc.	11/15/99
Manufacturer's Representative Agreement	Sheffield Sales Company, Inc.	4/5/04
Manufacturer's Representative Agreement	Southeast Pump and Equipment Co., Inc.	6/1/99
Manufacturer's Representative Agreement	Thomas Pump Co., Inc.	4/1/97
Manufacturer's Representative Agreement	T.J. Stanton Associates, Inc.	11/15/99
Manufacturer's Representative Agreement	Tompkins & Kinner Co., Inc.	2/1/03
Manufacturer's Representative Agreement	T-P Pump & Pipe Co.	8/1/99
Manufacturer's Representative Agreement	Vandevanter Engineering	8/1/99
Manufacturer's Representative Agreement	WESCOR Associates, Inc.	4/1/97
Letter of Appointment (Precision Castparts Corporation Sdn Bhd)	Sahid Sdn Bhd	7/2/04

PACO Pumps, Inc.	Distributor	Date of Agreement
Distributor Agreement	Air Power of Ohio	10/12/01
Distributor Agreement	Air Science of Alabama	10/4/02
Distributor Agreement	Anderson Pump & Process	1/13/03
Manufacturer's Representative Agreement	Carl Eric Johnson, Inc.	4/1/04
Distributor Agreement	Carroll Air Systems	11/2/01

PACO Pumps, Inc.	Distributor	Date of Agreement
Distributor Agreement	Castel Associates	11/15/94
Distributor Agreement	C.E.P. Sales Company, Inc.	12/15/98
Distributor Agreement	Clayton Farm Services, Inc.	10/15/98
Distributor Agreement	Coast Pump Water Technologies	1/15/00
Manufacturer's Representative Agreement	Control & Equipment Company, Inc.	1/16/04
Manufacturer's Representative Agreement	Custom Pump and Controls, Inc.	6/4/04
Manufacturer's Representative Agreement	DAS Group, Inc.	12/15/03
Distributor Agreement	David G. Halley & Company, Inc.	12/15/99
Manufacturer's Representative Agreement	Dickerson Thermal Solutions, Inc.	1/13/03
Distributor Agreement	Diversified Fluid Controls, Inc.	10/30/01
Manufacturer's Representative Agreement	Dolphin Equipment Corporation	1/24/95; revised
Manufacturer's Representative Agreement	Bolphin Equipment Corporation	10/15/98
Distributor Agreement	Dynamic Pump & Process (fka Midwest Pump Sales, Inc.)	8/1/99
Distributor Agreement	Electric Pump, Inc.	6/29/01
Distributor Agreement	Emerson-Swan, Inc.	10/15/98; amended 7/1/9
Manufacturer's Representative Agreement	Emmons Pump & Control, Inc.	1/8/04
Distributor Agreement	Emory Wilson	9/2/03
Manufacturer's Representative Agreement	Enersave Engineering Products Sdn Bhd	1/11/93
Distributor Agreement	Engineered Systems	5/11/93
Distributor Agreement	Fluid Solutions, Inc.	12/7/00
Manufacturer's Representative Agreement	Gayle Corporation Equipment Sales	6/1/98
	Goldmark Associates, Inc.	
Manufacturer's Representative Agreement		12/11/02
Distributor Agreement	The Hill Company, Inc.	10/12/01
Distributor Agreement	Holt-Ramsey Pump & Equipment Company	10/15/98
Distributor Agreement	Hou-Tra International	8/8/00
Distributor Agreement	Hydro Power, Inc.	10/15/98;
S. 11		revised 9/15/99
Distributor Agreement	Hydro Technologies, Inc.	10/15/98
Manufacturer's Representative Agreement	Industrial Systems, Inc.	10/15/98
Distributor Agreement	Industrial Pump Sales and Service, Inc.	10/15/98
Manufacturer's Representative Agreement	Interstate Utility Sales, Inc.	12/13/00
Distributor Agreement	JAMCO, Inc.	5/15/00
Manufacturer's Representative Agreement	K.L. McCoy & Associates, Inc.	5/16/01
Distributor Agreement	Larchmont Irrigation	10/15/98
Distributor Agreement	Lee Mathews Equipment, Inc.	8/1/97
Distributor Agreement	Mastrolanni and Associates, Inc.	11/1/98
Manufacturer's Representative Agreement	McQueeny Group, Inc.	5/1/00; revised 7/21/04
Manufacturer's Representative Agreement	Merion Pump & Equipment Company	6/1/97; amended 8/15/98
Distributor Agreement	Mechanical & Industrial Sales, Inc.	1/11/01
Letter of Appointment	METROPOLE Industrial Co., Ltd.	7/10/01
Distributor Agreement	Nebraska Irrigation, Inc.	11/15/94
Distributor Agreement	Odessa Pumps and Equipment, Inc.	11/1/98
Distributor Agreement	P.F. Sherman Co., Inc.	9/12/03
Manufacturer's Representative Agreement	Peak Sales, Inc.	9/15/96
	Penta Engineering & Machineries, Inc.	
	renta Engineering & Machineries, Inc.	1/11/91
International Distributor Agreement Manufacturer's Representative Agreement	Piedmont Pump & Product, Inc.	11/1/98

PACO Pumps, Inc.	Distributor	Date of Agreement
Manufacturer's Representative Agreement	Prairie Pump & Equipment	11/1/98
Distributor Agreement	Premier Equipment Corporation	5/1/94
Distributor Agreement	Process Flo, Inc.	1/20/03
[Agreement]	P.T. Global Excelsindo	[]
Manufacturer's Representative Agreement	Pump & Power Equipment	2/4/04
Manufacturer's Representative Agreement	Pump Systems, Inc.	5/18/94; amended 5/8/98
Distributor Agreement	Pumps Plus, Inc.	4/1/97
Distributor Agreement	Behrmann Company	4/1/97
Manufacturer's Representative Agreement	R.J. Falk Company	10/15/98
Manufacturer's Representative Agreement	R.M. Cotton Company	4/15/00
Distributor Agreement	Fresno Division Rainmaker Pipe Co.	8/27/03
Distributor Agreement	Reed Supply Company, Inc.	11/1/98
Distributor Agreement	Sabol and Rice, Inc.	11/1/98; amended 9/8/92
International Distributor Agreement	Sahapie Engineering Co., Ltd.	3/13/90
Distributor Agreement	Service Pump & Supply, Inc.	11/15/98
Distributor Agreement	Sigler & Reeves	11/1/98
Manufacturer's Representative Agreement	Southeast Pump & Equipment, Inc.	11/15/98; amended 9/15/99
Distributor Agreement	Southern Design and Mechanical, LLC	12/15/97
Distributor Agreement	Straeffer Sales & Service, Inc.	12/15/98
Manufacturer's Representative Agreement	T. J. Stanton Associates, Inc.	11/15/99
Distributor Agreement	Tate Engineering	12/15/98
Manufacturer's Representative Agreement	TDH-Fluid Systems, Inc.	12/15/98
Distributor Agreement	Thomas Pump Company, Inc.	1/15/99
Manufacturer's Representative Agreement	Vandevanter Engineering Co., Inc.	12/15/98; amended 7/15/99
Manufacturer's Representative Agreement	WESCOR Associates, Inc.	12/15/98
International Representative Agreement	Oxprime Limited	6/28/88; amended 3/18/03
Letter of Appointment (PCC Flow Technologies Ptd Ltd)	General Sales Co., Ltd.	10/18/02

PCC Flow Technologies (Wuxi) Co., Ltd. (PACO Pumps)	Distributor	Date of Agreement
Letter of Appointment	Long Zing Electronic Technology (Shanghai) Co. Ltd.	4/1/04
Letter of Appointment	Nanjing Chuangli Machinery and Electronic Equipment Co., Ltd.	4/1/04
Letter of Appointment	Shanghai Enoria Equipment Integration Co., Ltd.	4/1/04
Letter of Appointment	Nanjing Helong M&E Co., Ltd.	4/1/04
Letter of Appointment	Nanjing White Technologies Co., Ltd.	12/12/03
Letter of Appointment	Shanghai Townon Machinery and Electronic Equipment Co., Ltd.	12/26/03
Letter of Appointment	Jilin Dakang Feedwater Equipment Co., Ltd.	4/1/04
Letter of Appointment	Shenyang Kelee Universal Machine Sales Co., Ltd.	4/1/04
Letter of Appointment	Dalian Zhicheng Vacuum Equipment Sales Co., Ltd.	4/1/04
Letter of Appointment	Shanghai Meiwen Technological Co., Ltd.	4/1/04
Letter of Appointment	Ningbo Libang International Trade Co., Ltd.	4/1/04
Letter of Appointment	Shanghai Liangling M&E Euipment Co., Ltd.	1/2/04
Letter of Appointment	Shanghai Luson Mechanic Co., Ltd.	4/1/04
Letter of Appointment	Asin Technology Co., Ltd.	4/1/04
Letter of Appointment	Shanghai Senzhu Industrial Trade Co., Ltd.	4/1/04
Letter of Appointment	Shanghai Limin M&E Refrigeration Equipment Engineer & Technology Co., Ltd.	4/1/04
Letter of Appointment	Shanghai Qiangxin M&E Engineering Co., Ltd.	4/1/04
Letter of Appointment	Shanghai Zhilai Machinery Equipment Co., ltd.	4/1/04
Letter of Appointment	Chengdu TenHuang Technologies Co., Ltd.	4/1/04
Letter of Appointment	Oxprime (International) Limited	4/1/04
Letter of Appointment	Tangshan Real-pure Science & Technology Co., Ltd.	4/1/04
Letter of Appointment	Skyhigh Technology Development Co., Ltd.	4/1/04
Letter of Appointment	Beijing Century Awkwa M&E Equipment Co., Ltd.	4/1/04
Letter of Appointment	Shenshzn Justway Industrial Co., Ltd.	4/1/04
Letter of Appointment	Shenzhen Horizon Machinery & Electronic Co., ltd.	4/1/04
Letter of Appointment	Guangzhoushi Jijun Scientific Technical & Trade Co., Ltd.	4/1/04
Letter of Appointment	Xinjiang Shuan Guan Pump Co., Ltd.	4/1/04
Letter of Appointment	Xinan Feiniao E&E Tech. Co., Ltd.	4/1/04
Letter of Appointment	Shaanxi Zhongquan Pump M&E Co., Ltd.	4/1/04

- (vii) Leases, rental agreements, licenses, installment and conditional sale agreements affecting the ownership of, leasing of, title to, use of or any leasehold or other interest in any real or personal property and involving aggregate payments under an individual agreement in excess of One Hundred Thousand Dollars (\$100,000) in any one year:
- Industrial Lease Agreement, dated August 22, 2003, between Eastern Management Co., Inc., as Landlord, Flow Products aka Johnston Pump Company, as Tenant, and Thalhimer, as Agent. Industrial Lease Agreement between Eastern Management Co., Inc., as Landlord, and Flow Technologies, Inc. AKA Johnston Pump, as Tenant. (PCC Flow Technologies LP) (2305 56th Street, Hampton, Virginia and 530 Aberdeen Road, Hampton, Virginia)
- Lease for premises located at101 Old Underwood Road, Building G, LaPorte, Texas 77571 dated February 12, 1999, between Houston Associates of California, as Landlord, and Flow Products, Inc., as Tenant. (PCC Flow Technologies LP) (101 Old Underwood Rd. Bldg. G, LaPorte, Texas)
- Commercial Lease Agreement, dated August 30, 1999, between Limited IV Development LLC, as Lessor, and Johnston Pump Co., Inc., as Lessee, concerning 3400 Meador Drive, Mobile, Alabama. (PCC Flow Technologies LP) (3400 Meador Drive, Mobile, Alabama)
- Standard Industrial Lease Net for premises located at 3215 Producer Way, Pomona, CA 91768, from Lejay and Beverly Winkler dated June 22, 1988, as amended. (PCC Flow Technologies LP) (3215 Producer Way, Pomona, California)
- Industrial Lease, dated January 26, 1994, as amended, between Broadbent Salt Lake One (predecessor-in-interest to The Prudential Insurance Company of America) and Johnston Pump/General Valve, Inc. concerning 3618 West 1820 South, Salt Lake City, Utah. (PCC Flow Technologies LP) (3618 W. 1820 South, Salt Lake City, Utah)
- Standard Industrial Lease, dated November 2, 1992, by and between A&B Auto Company and NEWFLO Corporation concerning 845 92nd Avenue, Oakland, California, as amended; Agreement of Sublease, dated June 1, 2004, between Paco Pumps and DW Pumps, LLC. (845 92nd Avenue, Oakland, California)
- Lease of premises located at 3215 South 116th Street, Suite 105, Seattle, Washington 98168 from Bedford Properties, Inc. dated February 5, 1990, as amended. (3215 S. 116th Street #109, Seattle, Washington)

- (viii) Contracts with any Affiliate of any Seller (other than the Ancillary Agreements):
- Project between PCC Flow Technologies (Wuxi) Co., Ltd. and Precision Castparts Corporation Sdn Bhd (Purchase Order No. 4510065189 from Sarawak Shell Berhard, dated March 11, 2004, to Bumi Flow Technologies (M) SDN BHD, for E11 Firewater Pumps)
- 2. Outstanding quote between PCC Sterom S.A., PCC Flow Technologies PTE Ltd. and Johnston Pumps
- (ix) Contracts with respect to the representation of the Business in foreign countries pursuant to powers of attorney:

None

(x) Any other Contracts not covered by (i) through (ix) above, which involve the expenditure of more than One Hundred Thousand Dollars (\$100,000) per year individually:

None

Schedule 3.11 Status of Material Contracts

- In some instances the Business is subject to delivery schedules that subject the Business to potential liquidated damages.
- 2. See Schedules 3.06(a) and 3.06(b)

Entities Granted Extension of Time to File Return for the Year Ended March 28, 2004

for the Year Ended March 28, 2004							
Name of Legal Entity	State/City	Return or Extension Due	Extended Due Date				
PCC Flow Technologies LP	Alabama Income	6/15/2004	12/15/2004				
PCC Flow Technologies LP	Alabama Franchise	6/15/2004	12/15/2004				
PCC Flow Technologies LP	Florida	7/1/2004	1/1/2005				
PCC Flow Technologies LP	Kentucky	7/15/2004	1/15/2005				
PCC Flow Technologies LP	Louisiana	7/15/2004	1/15/2005				
PCC Flow Technologies LP	Massachusetts	6/15/2004	12/15/2004				
PCC Flow Technologies LP	Michigan	7/30/2004	1/31/2005				
PCC Flow Technologies LP	New Jersey	7/15/2004	1/15/2005				
PCC Flow Technologies LP	Ohio	1/31/2005	3/31/2005				
PCC Flow Technologies & Subs.	Oklahoma - Income	6/15/2004	12/15/2004				
PCC Flow Technologies LP	Oklahoma- Franchise	6/15/2004	12/15/2004				
PCC Flow Technologies LP	Tennessee Income & Fran.	7/15/2004	1/15/2005				
PCC Flow Technologies LP	Texas Franchise	5/15/2004	11/15/2004				
PCC Flow Technologies Holdings LP	Texas Franchise	5/15/2004	11/15/2004				
PCC Flow Technologies LP	Virginia Income & Franchise	7/15/2004	1/15/2005				
Consolidated/Unitary filings with PC	С						
PCC	Internal Revenue Service	6/15/2004	12/15/2004				
PCC	California	6/15/2004	1/15/2005				
PCC	Colorado	7/15/2004	1/15/2005				
PCC	Illinois	6/15/2004	1/15/2005				
PCC	Minnesota	7/15/2004	1/15/2005				
PCC	New Hampshire	6/15/2004	1/15/2005				
PCC	Oregon	7/15/2004	1/15/2005				
PCC	Utah	7/15/2004	1/15/2005				

Waiver Granted for Statute of Limitations

Name of Legal Entity

State/City

Audit Period

Waivers Extended to

Paco Pumps

Massachusetts

3/99 - 3/01

9/30/2004

Schedule 3.13 Certain Interests

- 1. Payments under the PCC Flow Technologies' Performance Bonus Plan for Fiscal Year 2005 payable in accordance with Section 4.06(ii) of the Stock Purchase Agreement.
- 2. The Stay Bonus Arrangements described in Section 4.16 of the Purchase and Sale Agreement.
- 3. Any post-Closing change in benefits or employment status of the employees of the Acquired Company may result in payments becoming due.

COMBINED FINANCIAL STATEMENTS

PCC Flow Technologies - Pumps and Valves

Years ended March 28, 2004, March 30, 2003, and March 31, 2002 With Report of Independent Auditors



COMBINED FINANCIAL STATEMENTS

PCC Flow Technologies - Pumps and Valves

Years ended March 28, 2004, March 30, 2003, and March 31, 2002 With Report of Independent Auditors

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Schedule 3.15 Changes Since Current Balance Sheet Date

- (i) See claims listed on Schedule 3.06(a) and 3.06(b)
- (ii) None
- (iii) Asset Sale Agreement dated April 30, 2004, between PACO Pumps and DW Pumps, LLC

- 1. Permit by Rule Registration No. 43515, Paint Booth, 800 Koomey Road, Brookshire, Texas, Account ID No. WB-0032-N.
- 2. Permit by Rule Registration No. 34060, Vapor Degreaser, 800 Koomey Road, Brookshire, Texas, Account ID NO. WB-0032-N.
- 3. Permit by Rule Registration No. 34138, Nonenclosed Paint Area, 800 Koomey Road, Brookshire, Texas, Account ID NO. WB-0032-N.
- 4. Permit by Rule Registration No. 33149, Paint Booth Facility, 800 Koomey Road, Brookshire, Texas, Account ID NO. WB-0032-N.
- 5. Industrial Wastewater Discharge Permit for PCC Flow Technologies LP's facility at 800 Koomey Road, Brookshire, Texas.
- 6. Permit to Operate Air Pressure Tank No. 94317, Division of Occupational Safety and Health, for Paco Pumps facility at 845 92nd Ave., Oakland, California.
- 7. General National Pollutant Discharge Elimination System (NPDES) Permit Number ALG12-0463 for Johnston Pump's facility at 3400 Meador Drive, Mobile, Alabama.
- 8. Texas Pollutant Discharge Elimination System (TPDES) Storm Water Multi-Sector General Permit (MSGP) Number TXR05L644 for Johnston Pump's facility at 101 Old Underwood Road, Building G, La Porte, Texas.
- 9. TPDES Storm Water MSGP Number TXR05P949 for Johnston Pump's facility at 101 Old Underwood Road, Building G, La Porte, Texas.
- 10. TPDES Storm Water MSGP Number TXR05N478 for PCC Flow Technologies LP's facility at 800 Koomey Road, Brookshire, Texas.
- 11. Certificate of Operation Number 5375-40200101-01C from Chattanooga-Hamilton County Air Pollution Control Bureau for Johnston Pump facility at 2601 E. 34th Street, Chattanooga, Tennessee.
- 12. Permit to Operate Number 28489, Building Codes Division Boiler and Pressure Vessel Program, for Paco Pumps facility at 2551 NW 30th Avenue, Portland, Oregon.
- 13. Permit to Operate Number 21922, Building Codes Division Boiler and Pressure Vessel Program, for Paco Pumps facility at 2551 NW 30th Avenue, Portland, Oregon.
- 14. Texas Conditional No Exposure Certification for Exclusion from TPDES Storm water Permitting for Crown Pump facility at 101 W. Bivar, De Leon, Texas.

- 15. Virginia Pollutant Discharge Elimination System (VPDES) No. VAR050322, General Permit for Storm Water Discharge for Johnston Pump facility at 2305 56th Street, Hampton, Virginia and 530 Aberdeen Road, Hampton, Virginia.
- 16. General Permit for Storm Water Discharges Associated With Industrial Activities (General Permit, Order Number 97-03-DWQ, NPDES No. CAS000001) for facility at 3215 Producer Way, Pomona, California WDID No. 419S010733.
- 17. Storm Water Permit No. UTR000465 for Johnston Pump facility at 3618 W. 1820 South, Salt Lake City, Utah.
- 18. Storm Water Permit No. 201S017166 for Paco Pumps facility at 845 92nd Avenue, Oakland, California.
- 19. Storm Water Permit No. S03-000801D for Paco Pumps facility at 3215 S. 116th Street, Suite 109, Seattle, Washington.
- 20. Air Discharge Permit No. D06411 for 3215 Producer Way, Pomona, California.
- 21. Air Permit Standard Exemption, Registration No. 33419, October 9, 1996 (Paint Booth) for 800 Koomey Road, Brookshire, Texas.
- 22. Storm Water No exposure certification for 260 E. 34th Street, Chattanooga, Tennessee.
- 23. Storm Water No exposure certification for 2551 NW 30th Street, Portland, Oregon.
- 24. Storm Water No exposure certification for 4677 Mint Way, Dallas, Texas.
- 25. Application for U.S. EPA Identification Number for Hazardous Waste Activity in Massachusetts (filed in Massachusetts on May 21, 2004).
- 26. Consolidated Permit/License to Operate No. D12102-2 from Los Angeles County Certified Unified Program Agency for Flow Products Inc. facility at 3215 Producer Way, Pomona, California.
- 27. Certificate of Authorization No. N-2614, American Society of Mechanical Engineers, for Construction of Class 2 & 3 Pumps and as a Material Organization Supplying Ferrous & Nonferrous Material at 2601 East 34th Street, Chattanooga, Tennessee 37404-1595.
- 28. Certificate of Authorization No. N-2615, American Society of Mechanical Engineers, for Class 2 & 3 Fabrication without Design Responsibility and with Design Responsibility for Appurtenances and as a Material Organization Supplying Ferrous & Nonferrous Material at 2601 East 34th Street, Chattanooga, Tennessee 37404-1595.
- 29. State of Utah Pressure Valve Permit No. UV-12226 for facility at 3618 W. 1820 South, Salt Lake City, Utah.

- 30. Certificate of Approval for Establishment of Enterprises with Foreign Investment in the People's Republic of China (Wuxi)
- 31. Certificate of Approval for Establishment of Enterprises with Foreign Investment in the People's Republic of China (Beijing)
- 32. People's Republic of China Customs Certificate No. 20040444 (Wuxi)
- 33. People's Republic of China Taxation Registration Certificate No. 320200w00006939 (Wuxi)
- 34. People's Republic of China CIQ dated June 12, 2003
- 35. Electrical Contractor Maintenance License, State of Washington, for 3215 S. 116th St., Seattle, Washington.
- 36. Permit to Operate Liquefied Petroleum Gas Tank, Division of Occupational Safety and Health, State of California, for 842-92nd Ave., Oakland, California.
- 37. Construction Contractor Specialty License, State of Washington, for 3215 S. 116th St., Seattle, Washington.
- 38. Permit to Operate (Spray Booth and Solvent Cleaning), Bay Area Air Quality Management District, for 845 92nd Ave., Oakland, California.
- 39. Contractors Active License No. 825598, State of California Contractors State License Board, PCC Flow Technologies Holdings Inc. dba PACO Pumps.
- 40. Construction Contractors Active License No. 161336, State of Oregon Construction Contractors Board, PCC Flow Technologies LP

^{*} Storm Water Permit for 1537 Grafton Road, Millbury, Massachusetts is held by lessor Wyman Gordon.

Schedule 3.17(ii) Environmental Contamination

- Contamination is present on the Real Property located at 2551 NW 30th Street, Portland, Oregon.
- Contamination is present on the following formerly owned properties: 9201 San Leandro Street, Oakland, California; and 300 West Channel Road, Benicia, California.

Schedule 3.17(iii) Underground Storage Tanks

None

Schedule 3.17(iv) Environmental Litigation

None

- 1. See Schedule 3.09(ii) Leased Real Property.
- 2. See Schedule 3.16 Permits and Licenses.
- Supply Agreement No. 93021-02 for Submersible Pumps Product, dated February 21, 2001, between ABV Rock Group KB and Johnston Pump Company.
- 4. Master Services Agreement, dated December 10, 2001, between Accelio Corporation and Flow Products, Inc.
- 5. Standard Contract Agreement (Supplementary Products/Services) between Software Experts, Inc. (dba GETPAID Software) and Flow Technologies Inc.
- Kronos Sales Agreement and Software License, between Kronos Incorporated and Flow Products, Inc., as amended by Amendment dated December 13, 2001.
- Taxware License Agreement (Domestic), dated April 18, 2002, between Taxware, a division of govONE Solutions, LP and Flow Products, a division of PCC Flow Technologies, LP.
- IntellEquip Services Agreement, IntellEquip Software License Agreement and IntellEquip Hosting Agreement, with PCC Technologies LP dated September 3, 2001 and March 1, 2002, as amended.
- 9. IntellEquip Softtware License Agreement, dated July 16, 2001, with Flow Products, Inc.
- 10. IntellEquip End User License Agreement with Flow Products, Inc.
- 11. License Agreement, dated October 24, 2003, between PCC Flow Technologies LP and Kronos Incorporated.
- 12. Consulting Agreement, dated April 1, 2004, Flow Products Inc. and Herman Greutink.
- 13. Consulting Agreement, dated August 1, 1997, by and between Flow Products, Inc. and Herman Greutink.
- 14. Services Agreement, dated April 21, 2003, by and between PCC Flow Technologies LP and Oscar Fernando Bohada Lizarazo.
- 15. Vehicle Lease Agreement, dated January 2, 1998, between Lease Plan U.S.A., Inc. and Precision Castparts Corp. together with its divisions and subsidiaries.
- Rental/Service Agreement, dated February 19, 2003, between Popular Leasing, U.S.A., Inc. and PCC Flow Technologies, LP (Innowave UV Chillers).

- 17. Lease Agreement, dated August 26, 1978, between Central Texas Equipment Company and Flow Products, Inc. (Ice Machine).
- 18. International Distribution Agreement, dated March 13, 1990, between PACO Pumps, Inc. and Sahapie Engineering Co., Ltd.
- Manufacturer's Representative Agreement, dated January 11, 1993, between PACO Pumps, Inc. and Enersave Engineering Products Sdn Bhd.
- 20. International Distributor Agreement, dated November 11, 1991, between PACO Pumps, Inc. and Penta Engineering and Machineries, Inc.
- 21. Oracle Software Application Suite 11i License Agreement (PCC Flow Technologies LP)
- 22. Fortis Document Management Software License Agreement (PCC Flow Technologies LP)
- 23. Electronic Product Catalog (Company Website) Software License Agreement (PCC Flow Technologies LP)
- JP Select (Hydraulic Selection Tool) Software License Agreement (PCC Flow Technologies LP)
- 25. AutoCAD Software License Agreement (PCC Flow Technologies LP)
- SolidWorks (CAD Solid Modeling Program Software License Agreement (PCC Flow Technologies LP)
- CosmosWorks (Finite Element Analysis) Software License Agreement (PCC Flow Technologies LP)
- 28. CFX (Computational Fluid Dynamics) Software License Agreement (PCC Flow Technologies LP)
- 29. XL Rotor (Rotordynamics) Software License Agreement (PCC Flow Technologies LP)
- AppCheck (Custom Excel Spreadsheet) Software License Agreement (PCC Flow Technologies LP)
- 31. PumpTest (Custom Performance Test Program) Software License Agreement (PCC Flow Technologies LP)
- 32. Truck Lease and Service Agreement, dated as of February 8, 2004, between Johnston Pump Company and Lesco, Inc., as amended by Letter, dated July 19, 2004, regarding Rate Increase.
- 33. Quest Software (SQL Navigator Software) Software License Agreement (PCC Flow Technologies LP)

- 34. St. Bernard Software (UpdateExpert Service Patching Software) Software License Agreement (PCC Flow Technologies LP)
- 35. Westbrook Tech (Document Management Software provider) Software Agreement
- 36. Vehicle Lease Agreement, dated January 2, 1998, between Lease Plan U.S.A., Inc. and Precision Castparts Corp., together with its divisions and subsidiaries

I. PACO BUSINESS UNIT (PCC FLOW TECHNOLOGIES LP)

Trademarks

Owner of Record	Reg/Serial Number	Country or State	Trademarks	Classes	Reg. Date
Paco Pumps, Inc.	187,061	Australia	PACO	7	04/13/1999
Paco Pumps, Inc.	31.892	Benelux	PACO	7	04/09/1973
Paco Pumps, Inc.	375,510	Canada	PACO	N/A	11/09/1990
Paco Pumps, Inc.	177,027	China	PACO	18	05/15/1983
Paco Pumps, Inc.	177,028	China	PACO	9	05/15/1983
Paco Pumps, Inc.	99,875	Colombia	PACO & GRAFICA	7	08/13/1982
Paco Pumps, Inc.	99,873	Colombia	PACO		
Paco Pumps, Inc.	1802/1974	Denmark	PACO	7	06/07/1974
Paco Pumps, Inc.	1363/81	Hong Kong	PACO	7	04/09/1974
Paco Pumps, Inc.	349,649	India	PACO	7	03/28/1986
Paco Pumps, Inc.	669,322	Italy	PACO	7	05/09/1973
Paco Pumps, Inc.	11,277	Kuwait	PACO	7	06/30/1979
Paco Pumps, Inc.	36,055	Philippines	PACO	7	10/14/1976
Paco Pumps, Inc.	121,863	R.O.C.	PACO	95	10/01/1979
Paco Pumps, Inc.	121,864	R.O.C.	PACO (in Chinese)	95	10/01/1979
Paco Pumps, Inc.	269/14	Saudi Arabia	PACO	7	03/22/1981
Paco Pumps, Inc.	79,598	Singapore	PACO	7	03/21/1979
Paco Pumps, Inc.	407,151	Switzerland	PACO and Design	7	04/19/1973
Paco Pumps, Inc.	407,275	Switzerland	PACO	7	04/19/1973
Paco Pumps, Inc.	1,140,230	USA	PACO MINIFLO (stylized)	7	10/07/1980
Paco Pumps, Inc.	1,037,299	USA	PACO	7	04/06/1976
	1,030,589	USA	PIP	7	01/20/1976
Paco Pumps, Inc.	1,050,505	2000	307/3		

II. JOHNSTON PUMP AND JOHNSTON PUMP/GENERAL VALVE BUSINESS UNITS

Trademarks

	n (C 1.1				
Owner of Record	Reg/Serial Number	Country or State	Trademark	Classes	Reg. Date
Johnston Pump/ General Valve, Inc.	TMA234521	Canada	DYNA LINE	N/A	07/20/1979
Johnston Pump/ General Valve, Inc.	TMA219596	Canada	LIQUI-SEAL	N/A	03/25/1977
Johnston Pump/ General Valve, Inc.	TMA211513	Canada	J and Design	N/A	01/16/1976
Johnston Pump/ General Valve, Inc.	UCA044589	Canada	JOHNSTON	N/A	04/12/1952
Johnston Pump Company	1,655,018	Argentina	JP and Design	7	01/12/1975
Johnston Pump Company	1,166,916	Argentina	J and Design	7	08/01/1995
Johnston Pump Company	283,571	Australia	JP and Design	7	11/27/1974
Johnston Pump Company	6,418,490	Brazil	JP and Design	7	07/25/1976
Johnston Pump Company	7,071,086	Brazil	Liqui-Seal	7	02/25/1980
Johnston Pump Company	7,071,078	Brazil	Dyna Line	7, 15	02/25/1980
Johnston Pump Company	14,062	Brunei	JP and Design	7	08/30/1984
Johnston Pump Company	14,126	Brunei	Johnston Pump	7	03/21/1985
Johnston Pump Company	17,076	Brunei	J Johnston and Design	7	08/30/1984
Johnston Pump Company	323,538	Chile	DYNALINE	7	06/22/1977
Johnston Pump Company	229,522	China (R.O.C.)	JP and Design	9	06/30/1985
Johnston Pump Company	272,508	China (Taiwan)	JP and Design	92	02/01/1985
Johnston Pump Company	87,707	Colombia	JP and Design	7	08/31/1976
Johnston Pump Company	26,259	Croatia	J Johnston and Design	7	02/25/1982
Johnston Pump Company	Z9300550	Croatia	JP and Design	7	08/15/1980
Johnston Pump Company	921,329	Croatia	Dyna Line	7	07/08/1991
Johnston Pump Company	Z921328	Croatia	Liqui-Seal	7	07/08/1991
Johnston Pump Company	25,350	Egypt	J Johnston and Design	7	05/24/1972
Johnston Pump Company	50,144	Egypt	JP and Design	7	12/09/1974
Johnston Pump Company	18,903	Greece	J Johnston and Design	22	02/26/1952
Johnston Pump Company	53,925	Greece	JP and Design	7	12/12/1974
Johnston Pump Company	154,070	India	J Johnston and Design	7	05/19/1974
Johnston Pump Company	301,013	India	JP and Design	7	11/27/1974
Johnston Pump Company	426,748	India	JP and Design	7	09/05/1984
Johnston Pump Company	41,695	Iran	JP and Design	7	11/30/1974
Johnston Pump Company	45,442	Iran	Liqui-Seal	7	02/25/1986
Johnston Pump Company	21,379	Iraq	JP and Design	7	02/01/1975
Johnston Pump Company	22,197	Iraq	Liqui-Seal	7	04/30/1976
Johnston Pump Company	22,258	Iraq	Dyna Line	7	05/08/1976
Johnston Pump Company	11,806	Iraq	JP and Design	7	08/14/1978
Johnston Pump Company	1,947,013	Japan	JP and Design	9	04/30/1987
Johnston Pump Company	117,592	Korea (South)	JP and Design	38	09/26/1985
Johnston Pump Company	30,948	Lebanon	JP and Design	N/A	01/08/1975

	Reg/Serial		m a la mark	Classes	Reg. Date
Owner of Record	Number	Country or State	Trademark	Classes	07/08/1963
Johnston Pump Company	35,986	Lebanon	J Johnston and Design	N/A	
Johnston Pump Company	662	Macedonia	Liqui-Seal	7	07/06/1991
Johnston Pump Company	6308	Macedonia	J Johnston and Design	7	02/25/1992
Johnston Pump Company	6307	Macedonia	JP and Design	7	08/15/1980
Johnston Pump Company	663	Macedonia	Dyna Line	7	07/06/1991
Johnston Pump Company	84/B4193	Malaysia	J Johnston and Design	7	09/10/1984
Johnston Pump Company	B01380/85	Malaysia	Johnston Pump	7	03/26/1985
Johnston Pump Company	205,542	Mexico	JP and Design	7	01/24/1975
Johnston Pump Company	35,293	Peru	JP and Design	7	11/11/1980
Johnston Pump Company	53,978	Peru	JP and Design	7	07/30/1989
Johnston Pump Company	41,874	Philippines	J Johnston and Design	7,8	11/14/1988
Johnston Pump Company	38,033	Philippines	JP and Design	7	02/03/1988
Johnston Pump Company	31,478	Puerto Rico	JP and Design	7	02/08/1993
Johnston Pump Company	231/89	Saudi Arabia	Dyna Line	7	08/02/1977
Johnston Pump Company	397/78	Saudi Arabia	JP and Design	7	05/12/1965
Johnston Pump Company	168/100	Saudi Arabia	J Johnston and Design	7	03/17/1987
Johnston Pump Company	4755/84	Singapore	JP and Design	7	09/08/1984
Johnston Pump Company	24,711	Slovenia	JP and Design	7	08/15/1980
Johnston Pump Company	26,259	Slovenia	J Johnston and Design	7	02/25/1982
Johnston Pump Company	1,611,563	Spain	JP and Design	7	01/15/1991
Johnston Pump Company	11,750	Syria	LIQUI-SEAL	7	03/09/1976
Johnston Pump Company	11,751	Syria	DYNALINE	7	02/19/1976
Johnston Pump Company	14,564	Syria	J Johnston and Design	7	07/04/1963
Johnston Pump Company	271,314/17,106	Thailand	JP and Design	7	09/07/1984
Johnston Pump Company	271,315/17,107	Thailand	J Johnston and Design	7	09/07/1984
Johnston Pump Company	280,993/27,127	Thailand	JOHNSTON PUMP	7	04/05/1985
Johnston Pump Company	86,838	Turkey	JP and Design	N/A	02/21/1985
Johnston Pump Company	1,039,006	United Kingdom	JP and Design	7	11/27/1974
Johnston Pump Company	1,007,800	USA	JP and Design	7	04/01/1995
Johnston Pump Company	1,026,087	USA	Liqui-Seal	7	12/02/1975
Johnston Pump Company	1,096,491	USA	Dyna Line	7	07/18/1998
Johnston Pump Company	1,468,797	USA	J and Design	7	12/15/1987
Johnston Pump Company	1,468,798	USA	JP and Design	7	12/15/1987
	82,182	Venezuela	JP and Design	23	07/12/1991
Johnston Pump Company	87,139	Venezuela	Liqui-Seal	23	06/21/1978
Johnston Pump Company	87,213	Venezuela	Dyna Line	23	06/30/1978
Johnston Pump Company	38,280	Yugoslavia	Liqui-Seal	7	05/15/1980
Johnston Pump Company	24,711	Yugoslavia	JP and Design	7	05/15/1980
Johnston Pump Company	38,281	Yugoslavia	Dyna Line	7	12/10/1980
Johnston Pump Company		Yugoslavia	J Johnston and Design	7	02/25/1982
Johnston Pump Company	26,259	i ugosiavia	J Johnston and Design		

III. WUXI BUSINESS UNIT

Trademarks

Owner of Record

Wuxi Co. Ltd. (PCC Flow Technologies (Wuxi) Co. Ltd.)

Reg/Serial Number 3,174,653

Country or State China

Trademark JP and Design Classes

Reg. Date 02/21/2004

Schedule 3.19(i)(b) Licensed Intellectual Property Rights

Description of License	Parties to the License	Date of Execution	Amendments/Codicils
Software License Agreement, Services Agreement, And Hosting Agreement	IntellEquip, LLC or IntellEquip, Inc. and Flow Products, Inc. (PCC Flow Technologies LP)	September 3, 2001 September 3, 2001 March 1, 2002	Related attachments of various dates
Master Services Agreement	Flow Products, Inc. and Accelio Corporation	December 10, 2001	
Standard Contract Agreement	Flow Technologies, Inc. and Software Experts, Inc. (DBA GETPAID Software)	1999	
IntellEquip Software License Agreement	Flow Products, Inc. and IntellEquip, Inc.	July 16, 2001	
End User License Agreement	Flow Products, Inc. and IntellEquip, Inc.		
Kronos Sales Agreement and Software License	PCC Flow Technologies, LP and Kronos Incorporated		Amendment dated December 13, 2001
License Agreement	PCC Flow Technologies LP and NetIQ Corporation	October 24, 2003	
Taxware License Agreement	PCC Flow Technologies LP and Taxware, a division of govONE Solutions, LP (PCC Flow Technologies, LP)	April 18, 2002	
WinZip License Authorization	PCC Flow Technologies LP	August 8, 2003	
Symantec Software License Certificate No. 9148317-1902133			
Enterprise License Agreement from Microsoft for Precision Castparts Corp	Precision Castparts Corp.		
Microsoft Windows 2000 Server	PCC Flow Technologies (Wuxi) Co., Ltd.		
Microsoft Windows 2000 Clients	PCC Flow Technologies (Wuxi) Co., Ltd.		
SolidWorks 2004 Standard 3D for Windows 2000 or XP	PCC Flow Technologies (Wuxi) Co., Ltd.		
Symantec Antivirus Corporation Edition 8.1	PCC Flow Technologies (Wuxi) Co., Ltd.		
CheckPoint NG with Application Intelligence VPN-1CR55	PCC Flow Technologies (Wuxi) Co., Ltd.		

Description of License	Parties to the License	Date of Execution
AutoCAD Mechanical 2002	PCC Flow Technologies (Wuxi) Co., Ltd.	
MyHR	PCC Flow Technologies (Wuxi) Co., Ltd.	
Oracle Enterprise-wide Resource Planning System (Brookshire)	PCC Data Center	2002
Oracle Application Suite 11i (Enterprise Resource Planning)	PCC Data Center (Johnston Pump and PACO Pump)	
Fortis (Document Management)	PCC Flow Technologies LP (Johnston Pump)	
Company Website (Electronic Product Catalog)	PCC Flow Technologies LP (Johnston Pump)	
JP Select (Hydraulic Selection Tool)	PCC Flow Technologies LP (Johnston Pump)	
AutoCAD (CAD Drafting & Design Program)	PCC Flow Technologies LP (Johnston Pump)	
SolidWorks (CAD Solid Modeling Program)	PCC Flow Technologies LP (Johnston Pump)	
CosmosWorks (Finite Element Analysis)	PCC Flow Technologies LP (Johnston Pump)	
CFX (Computational Fluid Dynamics)	PCC Flow Technologies LP (Johnston Pump)	
XL Rotor (Rotordynamics)	PCC Flow Technologies LP (Johnston Pump)	
AppCheck (Custom Excel Spreadsheet)	PCC Flow Technologies LP (Johnston Pump)	
PumpTest (Custom Perf Test Program)	PCC Flow Technologies LP (Johnston Pump)	
Quest SQL Navigator Software	PCC Flow Technologies LP	
St. Bernard Software (UpdateExpert Service Patching Software)	PCC Flow Technologies LP	
Westbrook Tech (Document Management Software provider)	PCC Flow Technologies LP	

Amendments/Codicils

Schedule 3.19(i)(c) Services Pertaining to Registered Intellectual Property Rights

With regard to intellectual property rights listed on Schedule 3.19(i)(a) additional assignments and filings may be required due to changes in the ownership structure of the Business.

Schedule 3.19(ii) No Infringement

None

Schedule 3.19(iii) Licensing Arrangements

Licensing and Distribution Agreement, dated as of May 1, 1995, between Johnston Pump Company, Inc. and Johnston Pump of Canada, Inc.

Schedule 3.19(iv)(a) Licensed Software

See Exhibit 4.09 re Sellers' contracts benefiting Business and re Oracle Data Center Service.

Schedule 3.19(iv)(b) Owned Software

- Flownet Internet Application (includes On-line Help Desk, Standard Reporting and online Administration) (PCC Flow Technologies LP)
- e-Business Web Application PACO, Johnston Pumps and Crown Pumps websites for ebusiness (includes Product Catalog, Configurator, Rep Locator, Job Opportunities, Application Guide and Products Management) (PCC Flow Technologies LP)

1. Insurance policies maintained by Sellers:

Coverage	Insurance Carrier	Policy Number	Policy Period
Global Property	Factory Mutual Insurance Company	UV864	7/01/04-05
Commercial General Liability	Old Republic Insurance Company	MWZY 56003 CZY 56003 (Canada)	10/01/03-04
Foreign General & Auto Liability	ACE American Insurance Company	CXC 069096	10/01/03-04
Business Auto Liability	Old Republic Insurance Company	MWTB 18783 CTB 18783 (Canada)	10/01/03-04
Workers' Comp. (Other than Self- Insured States of OR, CO, GA, NC, OH, PA &	Indemnity Insurance Co. of North America/ ACE American Insurance Co.	WLRC43967228 (AOS) SCFC43967265 (WI)	01/01/04-05
IL)			
Lead Umbrella Liability	National Union Fire Insurance Co. of Pittsburgh	BE 297 78 19	10/1/03-04
First Excess Umbrella	ACE American Ins. Co.	XCP G20582716	10/1/03-04
Second Excess Umbrella	Zurich Specialties London	DL 4020603 (1)	10/1/03-04
Domestic Nuclear Liability	ANI Liability Insurance Pool	NS-0515	01/01/04-05
Foreign Nuclear Liability	ANI Liability Insurance Pool	FS-0175	01/01/04-05
Canada Nuclear Liability	Nuclear Insurance Assn. of Canada	S-117	01/01/04-05
Ocean Marine Cargo & Inland Transit	American Home Assurance Company	AH 88382	7/1/04-05
Statutory Insurance for Workers	State of Ohio Bureau of Workers' Compensation	1047755	7/1/04-2/28/05

Coverage	Insurance Carrier	Policy Number	Policy Period		
Compensation in State of Ohio					
Statutory Insurance for Workers Compensation in State of Washington	Washington State Industrial Insurance Trust Fund	N/A	4/03/02-until account is closed		

See also Schedules 3.08(ii)(a) and 3.08(ii)(e) for employee benefit insurance.

- 2. Claims made under insurance policies in the last two years:
 - a. Elizabeth A. Dolbare v. Noble Drilling see Litigation Schedule 3.06. Case is pending; Insurer Zurich is defending.
 - b. Union Bank Building see Litigation Schedule 3.06. No claim filed; insurer closed its file.
 - c. Robert Gonzalez -- see Litigation Schedule 3.06. Claim received but no lawsuit filed to date; Insurer Zurich on notice and has agreed to defend.
 - d. City of Fort Worth -- see Litigation Schedule 3.06. No claim filed to date; Insurer Old Republic on notice of potential claim.
 - e. Trisha Morgan see PCC Flow Outstanding Legal Claim Status Report dated June 10, 2004 (in data room); Zurich defended; case recently settled.
 - Cole v. Goudsmit -- Auto claim against PACO. Insurer Zurich defended. Case settled in March 2003.
 - g. Calvin Robinson Product liability claim against Johnston Pump. Insurer Zurich defended. Case settled in June 2003.
 - h. Workers compensation claims in addition to those listed in attachment 3.21:

2004 00000200-PCC FLOW TECH/F 800 KOOMEY RD C290C6221380

(b) (6)

8/19/04 THE EE WAS CLEANING
USING A AIR HOSE WHEN
HE GOT DEBRIS IN
HSPECIFIC INJURY FOREIGN BODY HEAD -

i. See attachment 3.21.

PCC Flow W/C Loss run as of 8-30-04

							DATE	
POLICY		CLM ID	NAME		STATIS			ACC DESC
PERIOD				(0)	T. Cara	TA THIODIES BE DOLLED	01110000	ET STATE INC. A CARDINGARD BOTY. THE STADE GRIN PUNCTURED FINGERSPECIFIC INJURY - PUNCTURE RIGHT INDEX
2005	00000100-PCCFLOW TECH 16801 GREENSPOIN	C290C1858694	(b)	(6)				
2005	00000104 PCCFLOW TECHIP 4677 MINT WAY.	C135C6436971	(-)	(-)	OLOSED.	MODIFEE COMP	06222003	LIFTED A ME B PLMP OUT OF HIS TRUCK SPECIFIC INJURY - STRUM TRUME - COTTEN CASE AT A STRUCK SPECIFIC INJURY - STRUM TRUME - COTTEN CASE AT A STRUCK SPECIFIC INJURY - STRUME TRUME - COTTEN CASE AT A STRUCK SPECIFIC INJURY - STRUME TRUME - COTTEN CASE AT A STRUCK SPECIFIC INJURY - STRUME TRUME - COTTEN CASE AT A STRUCK SPECIFIC INJURY - STRUME TRUME - COTTEN CASE AT A STRUCK SPECIFIC INJURY - STRUME TRUME - COTTEN CASE AT A STRUCK SPECIFIC INJURY - STRUME TRUME - COTTEN CASE AT A STRUCK SPECIFIC INJURY - STRUCK SPECIF
2003	00000104 PCCFLOW TECHIP 4677 MINT WAY.	C13506230565			ODDVED	IN WODIVEDS COMP	02222003	MANUALLY LIFITING HOSE WHEN A FORMUST SHOULD HAVE DIEM USED USED USED TO STROOM
2003	00000106 PCC FLOW TECHIP 645 - 92ND AV	O835C9699591 O835C9721699			OI OFFE	THOSE PROPERTY OF	CALLSTON	CE WAS MOVING A DUMP IT FELL ON HIS RIGHT FOOT, FRACTURED TOES
2005	00000106 PCCFLOW TECHIP 845 - 99ND AV				-	THOSE PROPERTY AL	ASSASSANCE.	CE DEMOVING DAMAGE WEAR RING FROM PUMP VOLUTERITI TRUMB SIMPLE PRACTURE, LEFT TRUMB.
2005	00000107-PCCFLOW TECHIP 2551 NW 30TH 8	C780C2765323						
2003	00000111-PCCFLOW TECHU 2505 55TH ST,	O540C2754081			ALCCED.	4A WINDLEDS LOND	OSSBOTTS.	STEDED WHEN STEPPING OFF MILLING MACHINE, CUT WHIST LAVERATION TO LEFT WHIST LAVERATION TO LEFT WHIST LAVERAGE WITH THE PROPERTY WHICH THE PROPERT
2003	00000111 POCFLOW TECHNJ 2305 98TH ST,	O540C2785396			O APPR	40 MOONEDS COND	ALLESONS.	WORSICH CAME I DOSE CALISING SE TO FALL BACK INTO DEPRING LUMBERS OFFICE
2003	00000111-PCCFLOW TECHU 2505 55TH ST.	O540C2797311 O540C1365926			OL OCED	40 WORKEDS COMP	OR SCHOOLS	DEED CARING LINESPECIFIED DUTIES. HE COMPLAINED OF PAIN IN HANDS SHAWN TO ISSUE HANDS
2005	00000111-PCCFLOW TECHIJ 2305 96TH ST,					The second second districts		THE TRIBUTE OF THE EXPLANATION HIS TO EAT LEDDWARDS TRUCK HECONTRISION HEAD - SOFT TISSUE.
2003	00000112-PCCFLOW TECHUI 101 OLD UNDERW	C290C8099522						
2003	00000115 PCCFLOW TECHU 9400 MEADOR DR	C125C0255794			OLOSED.	to workers comp	08232003	RECEIVING BOX. THE TAP DRIVER FELL OUT STRUCK HIM ON TO LIFE CONTROL WOUTH
2003	00000113 PCCFLOW TECHU 9400 MEADOR DR	C125C0355058			OF ORFE	IN IMPOUEDE COURS	01083773	COLUMN DIDE DOLLED DEE TRUCK STOPPED II WILLIA FOOT CONTROLOGION FOR FOOT
2003	00000115 PCC FLOW TECHU 9618 W 1820 SO	C760C262644X				AND ARRESTS AND ADDRESS.		WOODSHO ON CHACTING IT ED LAND STOLICK INSE FELL ON METAL PUNCTURE TORS RIVER
2003	00000115-POCFLOW TECHU 9618 W 1820-SO	C780C9112010			CLOSED	IN WODIEDS MAD	APTROOPS	SE WAS HAMMERING. HE ACCIDENTALLY LACERATED HIS THUMB, LACERATION DIFFERENCES - CIPT THOMAS.
2003	00000151-PCCFLOW TECHIC 101 W BIVAR D	C290C1850167						
2005	00000131-PCCFLOW TECHIO 101 W BIVAR, D	C290O8076752			OL OCED	IN THORNEDS COND	AAAAAAAA	CE MOVING AN AID HOSE HE TRIPPED OVER THE HOSE FALLING, CONTUGUOR MULTIPLE DOOT PARTS - LEFT BLOOM
2003	00000000 PCC FLOW TECHIF 600 KOOMEY RD.	C290C1869956			OI OFFR	IN WORKEDS COND	05142003	EE WAS WORKING. HE DEVELOPED PAIN IN BOTH OF WHIST, SPICING HOURT - HOUR THOSE.
2005	00000000 PCC FLOW TECHY 800 KOOMEY RD.	C290C0572498			Of OCE D	TO WOOMEDE COMP	ACCEPANCE.	WASH E ET WAS WIDKING, SHE DEVELOPED PAIN IN HER RI SHOULDER PAIN RIGHT SHOULDER
2005	00000000-PCCFLOW TECHIF 800 KOOMEY RD,	C290C0872487			Of OFF	45 WOODERDE CONTE	ACCOMMON	PEWAS ASSEMBLING A ROYDING HIRED HIS LT FOOT WINGESTAPLER SPECIFIC INCIDENT - PURCHASIONE COVER CATER
2003	00000000 PCC FLOW TECHY 800 KOOMEY RD.	C290C8057192						
2003	00000000-PCC FLOW TECH/F 800 KOOMEY RD.	C290C8077434						
2005	00000200-POC FLOW TECHIF 800 KOOMEY RD.	C290C6122455			CLOSED	TO WORKERS COMP	12172003	EE WAS TAKING VOLUTE OUT OF PASKETIONE FELL OUT HT EETS LEFCONTUSION TO THE - KNEE (LT)
2003	COCCOCCO POCIFICAN TECHIF 800 KOOMEY RD.	C290C6128563			OPENED	to WODIVERS COMP	01282004	DOING NORMAL JOB AND HAVING PAIN INJURY TO FIGURE ELECTY
2004	00000110-PCCFLOW TECHU 2801 E 34TH ST	O54OC5429599			OPPRIED	TO WORKEDS COMP	on special	ETTING A PEDESTAL TO A PUMP, DROPPED SOLB PEDESTAL CONTUSION TO THE LEFT FOOT
2004	00000110-POCFLOW TECHU 2001 E 34TH ST	O540C3016365			CT 00550	4A MADDUEDE COMB	05102004	ENTERING COLLINAL PIPE TO INSPECT IT, STRUCK HEAD ON PIPE LACERATION OF THE PIEAD
2004	00000115 PCCFLOW TECHU 5618 W 1820 SO	C780C3171306			****	AN AMORDANISM COLLEG	CORE TOWNS	WASH IN THE PE WAS LOADING A TRUCK IN THE LOADING AREA FOREIGN BODY IN THE KIES
2004	00000151-PCCFLOW TECHIC 101 W BIVAR D	C290C6168416			O4 00FD	NO MADDIEDE COMO	ALC: COMMITTEE	DEMONSTRATE A DING FROM A PERCHANG SPRING BACK AND STRUCK FACELAGERATION TO BOTH DESCRIPTION
2004	00000200 POCFLOW TECHIF 800 KOOMEY RD.	C290C6134062 C290C0149468			AL AREA	AN WINDLEDS COND	02012004	WARE T REMINING TO FICK HE PARTISTISTISTISTISTISTISTISTIST TO LOW DAGNOT HAVE LEVEL LANGUAGE
2004	COCCOCO-PCC FLOW TECHIF 800 KOOMEY RD.	C290C6168272			CI OSED	to WODIEDS COMP	04172004	THE EE WAS MOVING A MOTOR BRACKET TO A PALLET ON THE FLOOR, SPECIFIC INCORF - STROKE THORK - ACCOUNT
2004	00000200 PCCFLOW TECH/F 800 KOOMEY RD.				MA CAPE	AN INCOMPRES COMP	000000000	TOVING TO CATCH A EALLING MOTOR ARDOMEND INCLUDING GROWN TREPRING
2004	00000200-PCCFLOW TECHIF 800 KOOMEY RD.	C290C6164750 C290C6206112			OPENED	to WORKERS COMP	07262004	USING A RAZOR KNIFE TO CUT WIRE TIES & HE SLIPPED ASTRUCK LACERATION OF THE LEFT FOREARM.
2004	00000200-PCCFLOW TECH/F 800 KOOMEY RD,	C230C6206112			OF ESTEED	A STATE OF THE STA		
pec o	ow Auto Claims							
7001	ou your on the same of the sam							CONTRACTOR OF THE PROPERTY OF
2003	00000106 PCC FLOW TECHIP 515 - 92ND AV	94383401800326	A				09172003	SIDESWIPE BY INSD JOINT LEAVING OR ENTERING PARKED POSIT
2003	00000106 PCCFLOW TECHIP 845 - 92ND AV	943634545996002	A			33-AUTOMOBILE	11192003	CLIENT HIT REAR END / CLIENT GOING STRAIGHT AHEAD
2003	00000106 PCC FLOW TECH/P 845 - 92ND AV	94363454595802	ē			33 -AUTOMOBILE	11192003	CLIENT HIT REAR END / CLIENT GOING STRAIGHT AHEAD
2003	00000106 PCC FLOW TECHIP 845 - 92ND AV	94383454596713	А			33-AUTOMOBILE	12232003	CLIENT HIT REAR-END / CLIENT SLOWING DOWN
2003	00000106 PCC FLOW TECHYP 645 - 92ND AV	94303454596713	e			33-AUTOMOBILE	12232003	CLIENT HIT FEAR END / CLIENT SLOWING DOWN
2003	00000106-PCC FLOW TECHIP 645 - 92ND AV	91303451596713	C			53 - ALITOMOBILE	12232003	CLIENT HIT REARLEND / CLIENT SLOWING DOWN
2003	00000106-PCCFLOW TECHIP 645 - 92ND AV	94303454596713				33-AUTOMOBILE	12232003	CLIENT HIT REAR END / CLIENT SLOWING DOWN
2003	00000000-PCC FLOW TECHT 600 KOOMEY RD.	94 383401 780939				33-AUTOMOBILE	05212003	CLIENT HIT REAR-END / CLIENT GOING STRAIGHT AHEAD
2003	00000200-POCIFLOW TECHIF 800 KOOMEY RD.	94383401789939				33 -AUTOMOBILE		CLIENT HIT PEAR-END / CLIENT GOING STRAIGHT AHEAD
2004	00000114-PCCFLOW TECHU 5215 PRODUCER	94363454560061				33-AUTOMOBILE	03162004	CLIENT HIT REAR-END / CLIENT GOING STRAIGHT AHEAD CLIENT HIT REAR-END / CLIENT GOING STRAIGHT AHEAD
2004	00000114-PCCFLOW TECHU 3215 PRODUCER	94383454560061				33-AUTOMOBILE		ACCI DRIVER RE CLMI
2004	00000200-PCCFLOW TECHIF 800 KOOMEY RD.	94383455123750	,		CLOSED	33-AUTOMOBILE	00102004	AUGUSTATION TO SERVICE STATES

Schedule 3.22 Territorial Restrictions

See Schedule 3.10 for distribution arrangements.

PCC Flow Technologies LP

Johnston Pump

- 1. 2601 E. 34th Street, Chattanooga, Tennessee
- 2. 2305 56th Street and 530 Aberdeen Road (same location), Hampton, Virginia
- 4. 101 Old Underwood Rd., Bldg. G, LaPorte, Texas
- 5. 3400 Meador Drive, Mobile, Alabama
- 6. 3215 Producer Way, Pomona, California
- 7. 3618 W. 1820 South, Salt Lake City, Utah

Each of the Johnston Pump Aftermarket Locations provides Johnston and non-Johnston vertical pump repair, spare parts and re-bowling, field pump troubleshooting services supervision and field pump installation/removal supervision directly to users and contractors. In addition, the Chattanooga, La Porte and Hampton locations provide low pressure horizontal pump repair. The Chattanooga location also provides nuclear safety-related pump manufacturing, repair and spare parts.

Paco Pumps

- 845 92nd Ave., Oakland, California
- 2551 N.W. 30th Street, Portland, Oregon
- 3. 4677 Mint Way, Dallas, Texas
- 4. 3215 S. 116th Street #109, Seattle, Washington
- 5. 2345 Evergreen Ave., Sacramento, California
- 6. 3215 Producer Way, Pomona, California

Each of the PACO Pumps Aftermarket Locations provides service, repair, repair parts, and new pumps directly to users and contractors. The markets served are commercial, industrial, and municipal. Each of the Aftermarket Locations employs salesmen, mechanics and support personnel.

- 1. See employees listed on Exhibit 4.09.
- Standard Industrial Lease, dated November 2, 1992, by and between A&B Auto Company and NEWFLO Corporation concerning 845 92nd Avenue, Oakland, California, together with an Extension of Lease effective as of January 1, 1998, and a letter dated September 24, 2001, regarding further extension of the lease
- Letter of Credit Agreement among Precision Castparts Corp., PCC Flow Technologies, Inc. and Newman's Incorporated, as Applicants and The Bank of Nova Scotia, as Issuer, dated September 25, 2001.
- Consultant Agreement, dated June 1, 2003, between PCC Flow Technologies Holding, Inc. and Mehul Desai
- Independent Contractor Services Agreement, dated February 23, 2004, by and between PCC Flow Technologies Holdings, Inc. and Allen R. Parrott
- Services Agreement, dated January 19, 2003, by and between PCC Flow Technologies, Inc. and P&S Engenheiros Associados
- Services Agreement dated March 17, 2003, by and between PCC Flow Technologies, Inc. and Industrial Agnieszka Trading C.A.
- Service Agreement, dated April 21, 2003, by and between PCC Flow Technologies, Inc. and Enrique Santacruz
- 9. Employment Agreement, dated September 6, 2000, between Flow Products, Inc. and Carl Hsiao (assigned Wuxi) (ExPatriate)
- Employment and Non-Interference Agreement, dated May 2, 1994, by and between John D. Lilla and PCC Flow Technologies Holdings, Inc.

Schedule 4.07(i) Pumps Employees

See Schedule 3.08(iv)(a) for list of Pumps Employees.

Page: 1 of 1

CHTLST02

Run Date: 9/15/2004 3:22:42 PM

Metarity/Expiry Date > 9f15/2004' And Subsidiary On Behalf = Flow Tech (GV, V&C, Newm)'

Contr.	Ive	EX Balk	Inde Amount	Assist Assort	Execution. Date	Materity Expiry Date	On Rehalf of Sebsidiary	Podfolio	Luneshdion Rufe	USD Equiv. Hodes
	ch (GV_V&C	Newns								
	6 FS	1,357600	-895,000.00 CAD	444,626.55USD	04/08/04	03/24/05	Flow Tech		1,000000	444,626.56 new contract with SNC Lavalin
									-	444,026.56
		CAD Subloat	-895,000,00CAD	444,826.56						TO THE PERSON NAMED AND THE PE
									-	444,626.56
Flo	w Tech (GV,V	&C, Newm) Subtotat	-896,000.00	444,026,56						
			mr. one on	444 450 50						444,826.56

Count 1

PCC00369

- 1. Amended and Restated Letter of Credit Agreement among Precision Castparts Corp. and PCC Flow Technologies LP, as Applicants, and the Bank of Nova Scotia, as Issuer, dated January 27, 2004. (Approximately 23 standby letters of credit for the benefit of the Companies with aggregate outstanding amount as of September 17, 2004 of approximately \$2,506,000)
- 2. General Agreement of Indemnity by CAN Insurance Companies and Precision Castparts Corp. dated September 20, 1996. (Bonds for the benefit of the Companies with aggregate outstanding amount as of July 26, 2004 of approximately \$2,176,000.)

Schedule 4.15 Vehicle Leases

See Attachment 4.15. Highlighted lines represent vehicles that are shared at Brookshire (Johnston, Paco and General Valve).

			\$116.JR	Algorithm (1994)		Garage Loca		Pool of Driver	Driver Info	P00	Type of Vehicle	License
STANSON C		10000000	Year	Make and Model	VIN#		SUCHTY	Name	License # and State	DOB		Pinta #
3 digits	Location	Div	N/I	full detail. 300 300 300 300 300 300 300 300 300 30	full detail	fol city		lest, first	full detail	mm-dd-yyyy	Sam late	5DBM404
252	302	Flo	2003		1FAFP53U43G255043	Pomona	CA	Allison, Bill	(CA) A1541274	5/21/49	1	
160	302	Flo	2001		1F AFP55U61A282127	Virginia Beach	VA	Blackman, Brian	(VA) T61714802	8/15/68	1	YFE-1623
3211039	302	Flo	1998		1GCGC29R7WE138858	Hampton	VA	Bronson, Ron	ILB65273251275	9/27/51	2	258658A
216	302	Flo	2002		1FTRX17232ND69875	Dalas	TX	Brooks, Gary	(TX) 5384649	12/6/57	2	7TNF51
	302	Flo	2002		2FTRX17W32CA95880	Portland	OR	Brown, Mark	(AR) 906042929	8/24/57	2	ZDG878
218			2002		2FT2X17261CA42036	Portland	OR	Canutt, Steven	(OR) 1530948	8/16/53	2	XZL 987
130	302	Flo			1FAFP53U63G255044	Hampton	VA	Daron, Paul	(VA)396882319	5/25/72	1	PXV2505
250	302	Flo	2003	Ford Taurus SE		Oakland	CA	Decker, Dave	(CA) N7339387	7/12/55	1	4YP1892
194	302	Flo	2002	Ford Taurus SE	1FAFP53U22A265684	Oakland	CA	Dellino, John	(CA)N2186419	3/25/56	1	4LKT553
94	302	Flo	2000	Chrysler Concorde LX	2C3HD46RX YH363079			Gavick, Steve	(TX) 8309785	5/22/58	2	7JPZ22
214	302	Flo	2002	Ford F 150 Supercab 4x2	1FTRX172X2NB98527	Dates	TX			1/23/43	2	WC1509
3211131	302	Flo	1997	Ford F 150 Pick-up	1FTDF17W8VKD34983	St Ament	LA	Goetzman, William	(TX)2261341		2	V818596
100	302	Flo	2000	Ford F150 4 Door Supercab 139"	1FTRX17L8YKB06947	Saint Amant	LA	Goetzman, William	(TX) 2261341	1/23/43	- 2	
126	302	Flo	2001	Chrysler Concorde LX	2C3HD46R01H606503	Pomona	CA	Gornez, Larry	(CA) P0969717	7/22/48	1	4RNU003
205	302	Flo	2002	Ford Taurus SE	1FAFP53U12A154611	Pomona	CA	Goudsmit, Paul	(CA) N0025579	12/30/54	1	R33XJD
	302	Flo	2001	Ford Taurus SE	1FAFP55U01A254971	LaPorte	TX	Grayson, Ron	(TX) 07116273	4/23/38	1	L82TXY
145					1FAFP53UX2A265688	Pomona	CA	Griego, Leonard	(CA) A0294116	9/10/44	1	4ZET114
196	302	Flo	2002	Ford Taurus SE	1FTRX17262NB52113	Mobile	AL.	Griffin, Ron	(AL)2751238	04/17/50	2	7JPZ23
213	302	Flo	2002	Ford F150 Supercab 4x2			WA	Hague, Peter	(WA) HAGUEPA25004	9/24/75	2	ISR56428
147	302	Flo	2001	Dodge Ram 2500 Quad Cab	1B7KF 23W81J617550	Seattle				9/24/75	10000 20000	A35039L
150	302	ATTEN FOR STATE	2001	Ford F250 Super Duty Supercab	HFTNX2 OLB 1ED 78983	Seatte description	WA	Hague, Peter Tob		7/18/63	3	5AOH210
242	362	Flo	2003	Ford Taurus SE	1FAFP53U03A119852	Pomona .	CA	Hardin, Lori	(CA) N9627576			TN55135
245	302	Flo	2004	Ford Taurus SE 4 Door Sedan	1FAFF53U93A129568	Chattanooga	IN	Harrelson, Gerald	(TN) 60428816	12/6/46	1	
153	302	Flo	2001	Ford F150 4 Door Supercab 139*	HFT2X17221NB94955	West Sacramento	CA	Holman, Tim	(CA) R0650090	4/17/50	2	GR86162
215	302	Flo	2002	Ford F150 Supercab 4x2	2F1RX17242CA29352	Datas	TX	Howse, Ryan	(AZ) D02648278	6/4/75	2	7TN-F52
	302	Flo	2002	Ford F150 Supercab	1FTRX17272NB36051	Dalas	TX	Hunt Danny	(TX) 12900757	4/12/69	2	7JPZ21
217		Flo	2002	Ford Taurus SE	1F AFP53U42A162234	Mobile	AL	Keen, Steven	(FL) K50078162285	B/5/62	1	5006ADY
178	302				1F AFP55U41A263656	Peabody	MA	Kerbel, Jonathan	(MA) S79791946	10/7/73	1	1716SY
158	302	Flo	2901	Ford Taurus SE		Hampton	KY	Ledene, Mark	(KY) L92363808	4/24/58	1	479HFA
176	302	Flo	2002	Ford Taurus SE	1FAFP53U02A162232		CA	Marshal, Debbie	(CA)N4413693	6/23/58	2	6S37185
152	302	fLO	2001		1FTZX17231NB86380	Oakland				11/5/75	1	RBBSCN
203	302	Flo	2000	Ford Taurus SE	1FAFP53U32A220172	Brookshire	TX	Martinez, Debbie	(TX)11595991	11/14/47	8	2474-PY
	302	Flo	1995	International 9400 T/A TRACT	2HSFHAER7SC031068	Chattanooga	TN	Matherson, B.J.	(TN) 50203107		0	
192	302	Flo	2002	Ford Taurus SE ,	1FAFP53U92G272788	Seattle	WA	Miller, David	(WA) MILLEDA361PH	10/8/64	1	413-PBS
75	302	Flo	2000	Chevrolet Silverado 1500 Ext. Cab	1GCEK19T2YE291554	Durango	CO	Morris, Dan	(CO) 921625916	8/5/58	2	791AMZ
254	302	Flo	2003	Ford Taurus SE	1FAFP53UX3G255046	Chattanooga	TN	Murphy, Keith	(MA) S58138293	7/8/59	1 1	8415XP
148	302	Flo	2001	Chrysler Concorde LX	2C3HD46R61H714656	Mobile	AL	Olson, John	(AL) D-064851	1/22/55	1	2CR8749
74	302	Flo	2000	Chevrolet Silverado 1500 Ext. Cab	1GCEK1913YE290297	Salt Lake City	UT	Packer, Mike	(UT) 1441705	7/9/54	2	158YYB
	302	Flo	2002	Pontiac Grand Prix GTP Sedan	1G2WR52122F182565	Colleyville	TX	Peck, Steve	(TX) 07922901	5/27/55	1	BDJ5874
173		Flo	2002		1FAFP53U11A250866	Pomona	CA	Pehl Charles	(CA)3739473	8/25/43	1	4SWH633
142	302			Ford Taurus SE			CA	Plakk Rein	(CA) 2846059	8/1/1066	2	6R06042
149	302	Flo	2001	Ford F350 Super Duty Supercab	1FTSX31S81ED78982	Oaktand	WA		Brookshire and Shared	ar 10 10 00	V0500 1 5 0 10	294NXB
195	302	Flo	2002	Ford Taurus SE	1FAFP53U02G272789	Seatte			CH CONTRIBUTION SHAPE OF	-0121E0000.22	2000 10355	92 346
3211036	302	Flo	1995	FORD F,700 C&C	1FDNF70JXSVA31666	Hampton	VA	Pool	1,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		- 4	
3211079	302	Flo	1995	Ford Ranger	IFTCR10U0SPA97092	Brookshire	IX.	Pool - Shared at Br	pokahire	CONTROL SA	-73-0-4 RES	NH3845
3211109	302	Flo	1997	Ford F150 Pick-up	1FTDF1721VKC28226	Pomona	CA	Pool			2	5L73442
3211078	302	Flo	1996	Ford F250 HD Ptok-up	1FTHF25H4TLA65159	Dalas	TX	Pool			2	SC3176
3211124	302	Flo	1998	Ford F250 Cargo Van	IFTNE24L0WHA45652	Seattle	WA	Pool			2	793134C
180	302	Flo	2001	Ford F250 Super Duty Regular Cab	1FTNF20L31EB68072	Seattle	WA	Pool			2	072-A784
182	302	Flo	2002	Ford F250 Super Duty Regular Cab	1FTNF20L62E803563	Pomona	CA	Pool			2	6V50691
78	302	Flo	2000	Ford F250 Super Duty Supercab	1FTNX20L8YED81859	Chattanooga	TN	Prol			2	P139721
51	302	Flo	1999	Ford F250 Super Duty Supercab	1FTNX21SXXED91992	West Sacramento	CA	Post	100		2	G5W1559
3211142	302	Flo	1998	Cherrolet C3500 2WD C&C	1GBJC34J7WF042806	Brookshire	TX		ookshire	77790Ness uc	indhi 2/5/21	9RYB39
									O KIRING	400000000	2	VTK057
3211091	302	Flo	1997	Chevrolet Astro Cargo.Van	1GCDM19W3VB171985	Portland	OR	Pool	-	1	1 4	
	302	Flo	1991,	Chevrolet Chevenne PU	1GCFC24K7ME208023	Chattanooga	TN	Pool			- 2	PCC914
3211115	302	Flo	1994	Chevrolet C2500 PU	1GCGC29K1RE139818	Seattle.	WA	Pool			2	77184U
3211087	302	Flo	1994	Chevrolet 2500 4WD	1GCGK29K3RE261177	Brookshire	TX	Pool - Shared at Br	ookshire.	後別是會問題	2	1WYP14
3211090	302	Flo	1996	Chevrolet K2500 4WD XCAB	1GCGK29R9TE117654	West Sacramento	CA	Pool			2	UVS409

PCC Flow Technologies
Pump Unit Leased Vehicles

	100 PM	NEW COLUMN	# W.S.	A DESCRIPTION OF THE PROPERTY	A STATE OF	Garage Loca		Pool or Driver	Driver Info.	DOB	Type of	Leense
			Year	Make and Model	VIN#	City contact	SIChly	Name	License # and State		AMMAG	Philips
3 dicks	Irration	Oct. Div. sca	full	full detail of the state of the	full detail	STREET, STREET	2 digits	2.7.7.400.200.000	full detail	mm-dd-yyyy		717AC0
3211095	302	Flo	1997	GMC 3500 C&C	1GDKC34J4VJ509574	Portland	OR	Pool				058438S
	302	Flo	1995	Greatdane Trailer	1GRDM9025SM015901	Chattanooga	TN	Pool				UPJ783
3211089	302	Flo	1995	Dodge Cargo Van	2B7KB31Z3SK571873	Portland	OR	Pool		-		4W40544
3211047	302	Flo	1994	Ford F350 2WD C&C	2FDHF37F1RCA64806	Oakland	CA	Pool				4W40543
3211048	302	Flo	1994	Ford F350 2WD C&C	2FDHF37FXRCA64805	Oakland	CA	Pool		_		304JFA
3211035	302	Flo	1996	Ford F350 4WD C&C	2FDKF38F8TCA17445	Saft Lake City	UI	Pool	- North American			5W42660
3137765	302	Flo	1991	Ford Super Duty Flatbed	2FDLF47M5MCA10562	Oakland	CA	Pool			2	5P62246
3211060	302	Flo	1997	Ford F350 Regular Cab & UTB	3FEHF35F1VMA48974	Oakland	CA.	Pool			2	5P62243
3211059	302	Flo	1997	Ford F350 Regular Cab & UTB	3FEHF35F6VMA47531	Oakland	CA	Pool			2	
3211061	302	Flo	1997	Ford F350 Regular Cab & UTB	3FEHF35FXVMA48973	Oakland	CA	Pool			2	5P62232
3211082	302	Flo	1997	Ford F250 HD Pick-up	3FTHF25H9VMA00692	Dalas	TX	Pool			2	VH8091
129	302	Flo	2001	Ford F150 4 Door Supercab 139*	2FTZX17241CA42035	Seattle	WA	Ramussen, Corey	(WA)RASMUCM288B3	1/23/72	2	XZL 988
249	302	Flo	2003	Ford Taurus SE	1FAFP53U23G255042	Troy	OH	Rowedda, Ed	(OH)SP338965	8/7/44	1	JGB865
193	302	Flo	2002	Ford Taurus SE	1FAFP63U72A265695	La Porte	TX	Sellers, Tom	(TX) 6817104	12/18/52	1	R97-L5)
251	302	Flo	2003	Ford Taurus SE	1FAFP53U13G255064	Brookshire	TX	Smith, Charles	(TX) 1336684	3/27/65	-	T54RXG
253	302	Flo	2003	Ford Taurus SE	1FAFP53U33G255051	Ocean Isle Beach	NÇ	Smith, George	(FL) RT030673	8/14/43	1	NCRWP
151	302	Flo	2001	Ford F150 4 Door Supercab 139*	1FTZX17291NB94953	Seattle	WA	Spanhaur, Aaron	(WA)SPAINAJ291M6	7/26/71	2	A231721
128	362	Flo	2001	Chrysler Concord e LX	2C3HD46R81H601100	Brookshire	TX	Switzer, Neil	(CA) 07034112	6/7/50	1	2CN301
138	302	Flo	2001	Ford Taurus SE	1FAFP53U01A172130	La Porte	TX	I.B.A	(TX) 00478896	10/18/50	1	K11TTR
137	302	Flo	2001	Ford Taurus SE	1F AFP53U31G153164	Pomona	CA	Thomas, Dennis	(CA) N0950574	2/12/56	1	APMV40
96	302	Flo	2000	Ford Taurus SE	1F AFP5521YA237170	Raleigh	NC	Trevitian, John	(NC) 4912498	4/28/59	1 1	NNX456
243	302	Flo	2003	Ford Taurus SE 4 Door Sedan	1FAFP53U53A136856	Toms River	NJ	Tursi, Frank	(NJ) 194 1026 7000 2434	2/6/43	1	FCZ362
256	302	Flo	2003	Ford F150 4X4 4 Door Supercab	2FTRX18W43CA1561	Veradale	WA	Vernam_Lee	VERNACL582LP	5/17M2	2	A369445
	302		2003	Ford F 150 4 Door Supercab 139*	2FTZX17281CM2037	Portland	OR	Wolfe, Tom	(OR)708987	12/23/46	2	XZL 989
131		Flo	2001	Ford Taurus SE	1FAFP53U42A241757	Brookshire	TX	Zelenka, Chris	(TX)05441413	10/2/65	1	R87SC
202	302	Flo	2002	Ford Taurus SE 4 Door Sedan	1FAFP532X3G196577	Oakbrook	KY	-			1	797KCV

NEWFLO Corporation

Austin, Texas

ALGACIA!

Environmental Due Diligence Examination of NEWFLO Corporation and Subsidiary Companies

Volume 1 A

May 1995

PCC00374

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1.0 INTRODUCTION

1.1 Preface

ENSR Consulting and Engineering (ENSR) was retained by NEWFLO Corporation ("NEWFLO") to support its outside counsel, Mayer, Brown & Platt, in evaluating the actual or potential environmental liabilities associated with nine operating entities that together form NEWFLO. The nine operating entities include the following:

- Flow Technologies
- PACO Pump
- Penberthy
- Newman's
- Johnston Pump

- H&H Valve
- Water Specialties
- Techno
- General Valve

Each of these operating companies has various facilities, including manufacturing plants, service centers, warehouses, and administrative offices. In addition, NEWFLO itself has two office locations, one in Austin, TX, the other in Larkspur, CA. These various facilities, which are the subject of this due diligence examination, are listed in Table 1-1. No General Valve facilities were investigated because they do not have any domestic manufacturing plants, service centers, or warehouses; they only have two salespersons who operate out of their respective homes plus a sales office in Singapore.

1.2 Objectives

This environmental due diligence investigation was authorized by NEWFLO pursuant to ENSR's letter proposal of April 14, 1995. The purpose of this investigation was to determine, where possible, whether the subject facilities and associated properties might contain actual or potential environmental liabilities.

Consistent with this objective, ENSR's agreed upon due diligence investigation focused on three broad areas of inquiry, including:

 An investigation to determine the extent to which a significant hazardous materials or petroleum contamination problem may be affecting the subject properties and potentially necessitating a major expenditure to remediate (clean up).

TABLE 1-1

NEWFLO Facilities

NEWFLO Company	Facility Location	Principal Use (ownership status)		
NEWFLO	Austin, TX	Administration (leased)		
,	Larkspur, CA	Leased to Third PartyOffice Use (leased)		
Flow Technologies	Brookshire, TX	Manufacturing (owned)		
Johnston Pump	Benicia, CA	Leased to Third PartyRyder Truck (owned)		
	Chattanooga, TN	Service Center (leased)		
	Culiman, AL	Pattern Storage (leased)		
	Hampton, VA	Service Center (leased)		
	Houston, TX	Service Center (leased)		
	Mobile, AL	Service Center (leased)		
	Pomona, CA	Service Center (leased)		
	Brea, CA	Pattern Storage (leased)		
	Salt Lake City, UT	Service Center (leased)		
PACO Pumps	Oakland, CA (San Leandro Street)	Leased to Third PartyContainer Storage Use (owned)		
	Oakland, CA (92nd*St.)	Service Center (leased)		
	Portland, OR	Service Center (owned)		
	Commerce, CA	Service Center (leased)		
,	Dallas, TX	Service Center (leased)		
4	Seattle, WA	Service Center (leased)		
H&H Valve	Signal Hill (Long Beach), CA	Manufacturing (leased)		
Penberthy	Prophetstown, IL	Manufacturing (leased), including foundry (leased) and off-site parking lot (owned)		
	St. Catharines, Ontario	Idle Manufacturing (leased)		



TABLE 1-1 (Cont'd)

NEWFLO Facilities

NEWFLO Company	Facility Location	Principal Use (ownership status)		
Water Specialties	Porterville, CA	Manufacturing (leased)		
Newman's	Tulsa, OK (1628 N. 75th E. Avenue)	Warehouse (owned)		
	Tulsa, OK (7500 Reading)	Warehouses (3) (owned)		
	Houston, TX (1300 Gazin)	Warehouse (owned)		
	Houston, TX (6941 Avenue S)	Modification Machine Shop (leased)		
	East Brunswick, NJ	Warehouse (owned)		
	Portland, OR	Warehouse (owned)		
	Barrie, Ontario	Warehouse (owned)		
	Sarnia, Ontario	Warehouse (leased)		
	Edmonton, Alberta (8400 18th St)	Warehouse (owned)		
	Edmonton, Alberta (Crown Express Del)	Warehouse (leased)		
Techno	Erie, PA	Manufacturing (owned)		

- A review of the extent to which facility operations are being conducted in a manner consistent with key federal and state environmental regulations, including those related to air, water, hazardous waste, underground storage tanks, PCBs, and asbestoscontaining building materials. For the Canadian facilities, applicable national and Provincial regulations were considered.
- An evaluation of the extent to which hazardous wastes generated from facility operations
 may have created material, contingent environmental liabilities related to their off-site
 disposal. Such off-site contingent liabilities were not considered for the Newman's and
 Penberthy facilities because there is no "cradle-to-grave" liability in Canada.

ENSR's investigation included an inspection of each facility and property; these took place between approximately April 17 and 25, 1995. ENSR also conducted a review of corporate and facility records and files; interviewed selected corporate and facility personnel and governmental officials; reviewed governmental and incident-related data bases; and evaluated applicable federal and state environmental regulations and requirements (National and Provincial requirements in the case of the Canadian facilities).

1.3 Study Limitations

This Report describes the results of ENSR's due diligence investigation to identify the presence of significant environmental liabilities materially affecting the subject facilities and/or properties. In the conduct of this due diligence investigation, ENSR has attempted to independently assess the presence of such problems within the limits of the established scope of work as described in our April 14, 1995 letter proposal.

As with any due diligence evaluation, there is a certain degree of dependence upon oral information provided by facility or site representatives which is not readily verifiable through visual inspection or supported by any available written documentation. ENSR shall not be held responsible for conditions or consequences arising from relevant facts that were concealed, withheld, or not fully disclosed by facility or site representatives at the time this investigation was performed.

This report and all field data and notes were gathered and/or prepared by ENSR in accordance with the agreed upon scope of work and generally accepted engineering and scientific practice in effect at the time of ENSR's investigation of the site. The statements, conclusions, and opinions contained in this report are only intended to give approximations of the environmental conditions on-site.



This report, including all supporting field data and notes (collectively referred to hereinafter as "information"), was prepared or collected by ENSR Consulting and Engineering (ENSR) for the benefit of its' client, NEWFLO Corporation and its outside counsel, Mayer, Brown & Platt (hereinafter jointly referred to as "Client"). ENSR's client may release the information to its lender or other third parties, who may use and rely upon the information at their discretion. However, any use of or reliance upon the information by a party other than specifically named above shall be solely at the risk of such third party and without legal recourse against ENSR, its parent or its subsidiaries and affiliates, or their respective employees, officers or directors, regardless of whether the action in which recovery of damages is sought is based upon contract, tort (including the sole, concurrent or other negligence and strict liability of ENSR), statute or otherwise. This information shall not be used or relied upon by a party that does not agree to be bound by the above statement.

1.4 Report Organization

ENSR reviewed a substantial volume of information regarding the NEWFLO facilities during the course of this environmental due diligence investigation. This report represents our best efforts to synthesize the most salient information collected and reviewed. To facilitate the presentation of the information, this report has been organized around each of the NEWFLO companies and their respective facilities. Each of the chapters is similarly organized, beginning with the presentation of the site and facility description, including location, history of use, and current activities taking place. This background information is followed by our assessment of key issues of concern relative to the three broad areas of inquiry: site contamination, regulatory compliance, and off-site contingent liabilities. In order to reduce the volume of written material, the text focuses on identifying outstanding problems only. Where no problems were found, a statement to that effect is presented. Additional supporting information is furnished at the end of each chapter. These are referenced as Exhibits. Within Exhibit A of each chapter, a locational map and a site plan can be found.

15.0 PACO PUMPS, PORTLAND, OREGON

15.1 Site Description

A summary description of the Portland, Oregon, site location, site history, and current uses of the subject property are discussed below. Additional supporting due diligence documentation is provided in Exhibit 15-A.

15.1.1 Site Location

The subject property consists of approximately 1.4 acres of land owned and occupied by PACO Pumps, Inc., a sales and service center/warehouse distributor of pump products. The site is situated along the western side of NW 30th Street in Portland, Oregon, and is known as PACO Pumps, Inc. Approximately 98 percent of the property is developed and is fenced. The remaining 2 percent of the property is grass covered ground between the west side of the building and the railroad spur. The facility contains a single story office/warehouse building (35,450 square feet), with parking, and a storage yard.

The property is located in an industrially zoned area. To the north across NW Industrial Street, is the Portland Brewing Company brewery and ale house. To the east and south, is Galvanizers Company, who's operations include zinc hot dipping. To the west, on the other side of a railroad spur, is Martin Sprockets, a firm that manufactures sprockets and gears.

15.1.2 Site History

Facility personnel estimate the age of the structure to be 25 or 30 years old. Reviews of documents in the Multnomah County Department of Taxation indicate the individual lots comprising the site were owned by private individuals until 1952, when Pacific Pumping Company became the owner on record. The next deed change occurred in 1986, when PACO Pumps bought the property from Pacific Pumping.

Aerial photographs were reviewed to attempt to determine prior site use. The oldest available aerial photograph was from 1956. The building on the site is present in all of the photographs reviewed. Except for construction of the brewery discussed above, there did not appear to be major changes to the surrounding buildings in any of the photographs reviewed.

15.1.3 Description of Current Site Uses

The subject facility is a combination office/warehouse that handles diesel and electric pumps. PACO Pumps rents, services, and assembles these pumps. The facility operates a paint booth, parts washer, and a caustic vat in connection with the servicing of pumps. There is an area immediately north of the caustic vat that is used to wash down returned rental pumps. Flammable materials (paint, paint thinner, kerosene, etc.) are stored in a 10-foot by 10-foot cinder block room at the southeast corner of the building. This room has no floor drains and is bermed for containment purposes.

A combined sanitary/stormwater system serves this area of Portland. All stormwater and other facility wastewater discharges into this system. In 1993, Earth Technologies, Inc., applied for a wastewater discharge permit for this facility. No permit was issued by any city, county or state agency because the facility is a de minimis discharger, according to city officials.

There is one abandoned-in-place 1,000-gallon underground storage tank (UST) on-site. This tank was used to store diesel fuel. The tank was abandoned on November 12, 1993, by Portland Tank Service, Inc., in accordance with all applicable Oregon Department of Environmental Quality (DEQ) and Portland Fire Department regulations and guideline. The Certificate of Abandonment is included in Exhibit 15-B.

There are no current environmental regulations that cover the operation of the paint booth. The only inspections that have been performed are by the Fire Marshall.

According to facility personnel, solid waste removal is handled by Portland Metro (probably through Waste Management of Oregon). The nonhazardous solid wastes include oil sorbent and used oil filters from the diesel pumps. The only regulation governing the disposal of these wastes requires that all recoverable free oil is removed from the filters if more than 25 gallons of filters (or other oil-soaked material) are disposed. The facility's policy is to drain all oil from filters prior to disposal.

The used motor oil is collected in 55-gallon drums for recycling. Harbor Oil, Inc., collects the waste oil every 2 to 3 months and recycles the oil at their facility in Portland. At the time of the site visit, approximately 330 gallons of used oil were estimated to be generated every 2 to 3 months.

The parts washer is provided and serviced by Safety-Kleen Corporation. The solvent contained in the parts washer is petroleum naphtha and is listed on manifests as a D039 waste. At the time of the site visit, approximately 20 gallons of solvent were estimated to be used every 2 to



3 months. Safety-Kleen also handles the disposal of used caustic from the caustic vat. Approximately 500 gallons of this waste are generated per year.

15.2 Governmental Records Review

ENSR reviewed a variety of federal and state governmental data bases concerning the subject site and surrounding properties. The specific data bases searched are detailed in Exhibit 15-A, Part V.

15.2.1 Site Related Incidents, Notifications, and Enforcement Actions

The subject-property has been placed on the state Environmental Cleanup Site List. Additional information in this listing indicates that DEQ is waiting for additional information. Information in the DEQ file indicates that the reason for the listing is the discovery of PCBs in the soil on the west side of the building in 1986 when PACO was purchasing the property. PACO contracted Pegasus Waste Management to remove the PCB-containing soil. According to facility personnel, this was accomplished in 1987 or 1988. DEQ was notified at the time of the cleanup and sent a representative to witness the cleanup.

No final report on the cleanup activities was ever submitted to DEQ and this is the reason for PACO being on the Cleanup Site List. PACO Pumps does not have a copy of a final report for the Pegasus cleanup actions. Jerry Ross, the facility manager, has contacted the main office of Pegasus to obtain this document. ENSR has been contacted by A.J. Kennard of Earth Technology Corporation, who is also looking into this matter for PACO Pumps.

None of the data bases reviewed contained any listing of the subject facility relative to known enforcement actions.

15.2.2 Off-Site Incidents and Notifications

On the basis of the data base search and interviews conducted with various individuals, there are no off-site incidents that would impact this facility.

There are many small and large quantity RCRA generators within 1 mile of the facility; however none of these have had any reported incidents.

There are also many facilities with USTs within 1 mile of the facility. However, only two facilities are on the leaking UST (LUST) list. One site has been cleaned up and closed, and the second

site is currently undergoing remediation. Neither of these sites is hydrogeologically upgradient of the PACO facility.

15.3 Summary of Findings

15.3.1 Site Contamination Potential

Based on the investigative activities performed, three on-site issues of concern were identified.

Underground Tanks

One 1000-gallon diesel UST was abandoned on the site in 1993. No contamination was identified in soil samples collected at that time; however; no specific data was available to indicate the depth, location, and analyses of the samples. The Oregon DEQ has closed the file for this UST.

Additional sampling may need to be completed to confirm diesel fuel was not significantly released to soil or groundwater.

PCB Containing Soil

PCB-contaminated soil on site was believed to be the result of herbicides sprayed along the railroad track by Burlington Northern. The site has been listed on the Oregon DEQ Environmental Cleanup Site List for this problem. Pegasus Waste Management (now out of business), removed five 55-gallon drums of soil and debris for off-site disposal. A DEQ representative was present during the removal.

No final report of the cleanup has ever been submitted to the DEQ, however Earth Tech is believed to have incorporated some PCB-related data in a 1991 report. ENSR has requested a copy of the report. The DEQ data base indicates that 15 ppm of PCBs was detected in soil from an on-site drainage swale. The DEQ cleanup level for industrial properties is 0.7 ppm.

Additional sampling may need to close the site with the DEQ.

Pump Wash Area

Cracks in the floor were observed around a drain in the equipment washing area. Pump wash water is discharged to the sewer system via this drain. The wash water could contain residual dirt and oils from the pumps.

15.3.2 Environmental Regulatory Review

The environmental regulatory review was based upon an analysis of information provided by Environmental Data Resources, Inc. (EDR) and observations made during the site walk-through which took place on April 24, 1995. The information provided by the company included permits, permit applications, registrations, reports, and other documents related to the various regulatory areas considered (air quality, water resources, hazardous waste, above- and below-ground storage tanks, and PCBs). No independent review of the information contained in regulatory agency files was conducted, although selected agency officials were contacted and certain computerized U.S. EPA enforcement data bases were screened.

Outstanding regulatory issues identified are summarized as follows:

Drums of Mixed Petroleum Waste

Two drums of mixed petroleum waste were stored by the other drums of used oil. According to facility personnel, diesel fuel was accidently mixed with used motor oil. The oil recyclers could not accept this mixture. Samples of the material in the drums have already been collected and the facility is waiting for the results to determine proper disposal methods.

· Discharge of Wash and Test Water to the Sewer System

Pump wash water is discharged to the sewer system via a drain in the wash area. PACO plans to install a bern around the area and redirect water to a wash water treatment system that has not yet been designed. Mr. Kennard, Earth Tech., expects the system to include an oil/water separator, at a minimum, and may include hydrogen peroxide treatment. According to facility contacts, this project is high on the priority list and may be underway by the end of June 1995.

A catch basin in the shop area (2-foot diameter, 3 feet deep) collects fresh water from initial pump tests. (No cutting oils or solvents are used at the facility, thus the water is not expected to receive a significant volume of oily water.) The catch basin is connected to another drain which discharges to the sewer system.

One pump test pit (a "sump") (4-feet by 7-feet, and 8 feet deep, covered with a grate) is located between the parts washer and the west wall; a second test pit ("sump") (3-foot square, 5-feet deep) is located east of the parts washer. The sumps passed integrity tests conducted by Earth Tech. in November or December 1994. Both sumps are reportedly constructed of ¾-inch steel and concrete. Water from these sumps is pumped to a drain connected to the sewer system on an as-needed basis (no specific frequency).



No significant regulatory issues were identified with regard to air, underground, or aboveground storage tanks.

15.3.3 Off-Site Contingent Liabilities

Off-site contingent liabilities associated with the subject facility's waste disposal practices were evaluated. The analysis was based solely upon the review of available records maintained at the subject facility and corporate files along with information received through a review of selected federal data bases.

Attempts to contact Waste Management of Oregon to determine the destination of the facility's solid waste were unsuccessful.

EXHIBIT 15-A

SUPPORTING DOCUMENTATION FOR ENVIRONMENTAL DUE DILIGENCE

EXHIBIT 15-A SUPPORTING DOCUMENTATION FOR ENVIRONMENTAL DUE DILIGENCE

PART I: SITE OWNERSHIP AND LOCATION

1. Site Owner:

(a) Name:

Newflo Corporation

(b) Address:

301 Camp Craft Road, Suite 100

West Lake Hills Austin, TX 78746

2. Site Operator:

(a) Name:

Flow Technologies, Inc. (operating as PACO Pumps)

(b) Address:

800 Koomey Road

Brookshire, TX 77423

3. Site Location References: (See Figure 1: Site Location Map)

(a) Address:

2551 N.W. 30th

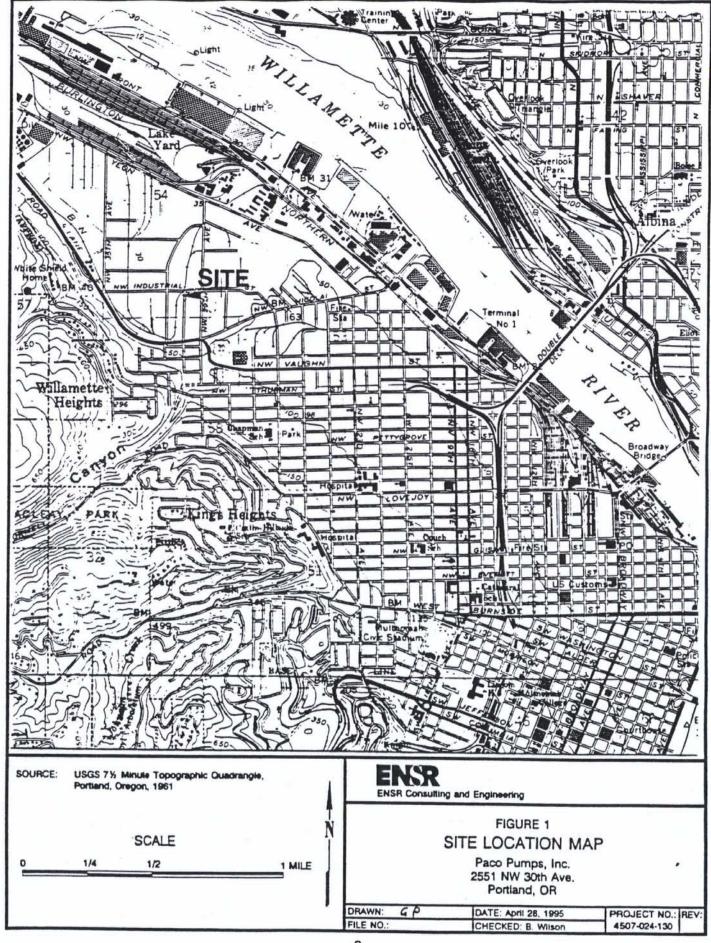
Portland, OR 97210

(b) County:

Multnomah

(c) U.S.G.S.

Quad Map: Portland, Oregon, 1961



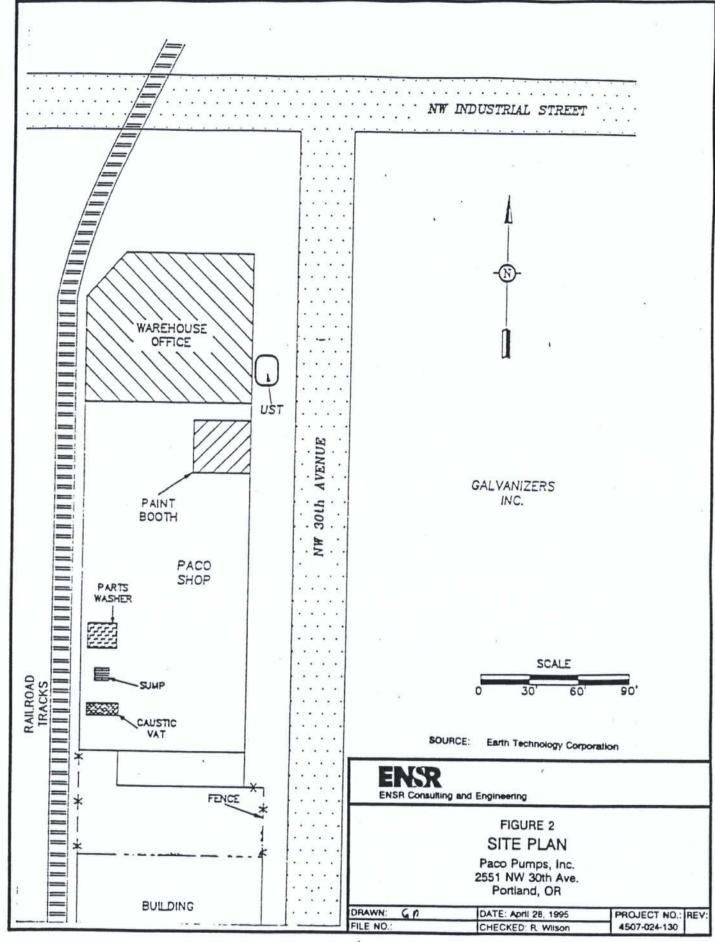
PART II: DESCRIPTION AND CHARACTERIZATION OF THE SITE

- 1. Physical Description of Site (See Figure 2: Site Plan)
 - (a) Site acreage: PACO Pumps owns the 59,445 sq. ft. of land (approximately 1.4 acres).
 - (b) Estimated % of site covered by buildings and pavement: Approximately 98 percent of the site is covered by buildings and pavement. Exposed soil and vegetation is present on the west side of the building adjacent to a railroad spur.
 - (c) Site and building layout: The subject building is located in an industrial section of Portland, Oregon. PACO Pumps owns the land and the 35,450 sq. ft. office/ warehouse building located on the subject property. The building contains approximately 23,360 sq. ft. of warehouse space with the remaining 12,090 sq. ft. being office space. Approximately 5,000 sq. ft. of fenced outside storage is available to the south of the building.

The warehouse area is divided into the following areas: a paint booth is located in the northeast comer; a pump repair area is located mid-way along the eastern wall; a pump assembly area is located in the north west comer; a machining area is located in the middle of the warehouse; and pump storage is located in the southern end of the facility.

- (d) Topography and slope: The subject property is located approximately 30 feet above mean sea level in an area that is relatively flat to gently sloping to the north-northwest. The site topography is relatively flat with slight man-made topographical variations created for storm water drainage.
- (e) Depth to groundwater/flow direction: Depth to groundwater is expected to be approximately 30 feet based on information from Environmental Data Resources. The flow direction is generally north-northwest.

Unless otherwise noted, the groundwater flow direction has been inferred from a review of regional topographic data. Site specific conditions may vary due to a variety of factors, including geologic anomalies, utilities, nearby pumping wells (if present), and other developments.



- (f) Surface water and wet areas (including streams, rivers, ponds, etc.): No bodies of water were observed on the site.
- (g) Ditches/Drainage Features: None of these features were observed during the site visit.
- Brief Description of Current Use in Terms of Products Made; Processes Used; Raw Materials Employed; Chemicals and Fuels Used; and Wastes Generated, Including Waste Disposal Facilities/Locations Used:

PACO Pumps, Inc., sells, assembles, and services water pumps. Actual pump work takes place in the warehouse area at the site or at remote sites during service calls. Assembly and service may include any of, or a combination of, the following activities: impellers are machined on a lathe in the machining area to the customer's specifications, impellers are usually made from brass; cast iron parts are also machined when needed. Metal shavings and scraps are collected and sent for off-site recycling. According to facility personnel no cutting oils are used.

Pumps are assembled in a dedicated area composed of several work benches in the northwest comer of the building. Parts from stock, such as pump housings, are combined with machined impellers and attached to motor assemblies. A citric-acid-based degreaser (Citra Degreaser) is used to clean the pumps prior to painting. A self-contained sealed bead blaster is used for deburring parts. The beads are replaced approximately once a quarter and disposed with the normal trash.

The paint booth is approximately 10 feet wide by 8 feet deep, and 8 feet high. It is constructed of sheet metal and contains a filter system with an exhaust fan and a sprinkler system. The exhaust fan pulls air through the filters, up a pipe and out through the roof of the building. Paint overspray was evident on all surfaces of the paint booth. The concrete floor was also covered with paint, but no evidence of cracks was seen. According to facility personnel the filters are replaced approximately twice a month, or when drag is seen on the ventilation system. After the filters have been removed, the paint is allowed to dry and they are then disposed with other non-hazardous waste, per Oregon regulations. All paint cans are disposed of in a similar manner. According to facility personnel, the paint booth is inspected by the Portland Fire Department approximately once a year and PACO has not received any violation notices.

A cleaning/degreasing washbasin/tank is used on site and is located between the assembly area and the caustic vat. Safety-Kleen maintains the washbasin/tank and provides disposal service approximately once a quarter. Approximately 30 gallons of degreaser are used each



quarter. No evidence of spills were observed in this area. Safety-Kleen also disposes of the used caustic solution contained in the caustic vat.

Approximately 330 gallons of used motor oil is generated each quarter from pump maintenance. This oil is collected by Harbor Oil Company and recycled at their Portland facility. The used oil filters generated during maintenance are drained and disposed of in the municiple landfill. Oil sorbent is disposed in a similar manner. This is in accordance with current DEQ regulations for disposal of oil-containing material.

Pacific Gas and Electric supplies the facility electricity. Northwest Natural Gas supplies natural gas for the heating furnaces. The facility switched to natural gas when the diesel tank was abandoned. A list of chemicals, fuels, and compressed gas on-site was provided by PACO and is included as Exhibit 15-C. The diesel fuel is contained in various equipment and not in storage drums.

Pump wash water is discharged to the sewer system via a drain in the wash area. PACO plans to install a berm around the area and redirect water to a wash water treatment system that has not yet been designed. Mr. Kennard, Earth Tech., expects the system to include an oil/water separator, at a minimum, and may include hydrogen peroxide treatment. According to facility contacts, this project is high on the priority list and may be underway by the end of June 1995.

A catch basin in the shop area (2-foot diameter, 3 feet deep) collects fresh water from initial pump tests. (No cutting oils or solvents are used at the facility, thus the water is not expected to receive a significant volume of oily water.) The catch basin is connected to another drain which discharges to the sewer system. This drain is also expected to be redirected to the planned wash water treatment system.

One pump test pit (a "sump")(4-feet by 7-feet, and 8 feet deep, covered with a grate) is located between the parts washer and the west wall; a second test pit ("sump") (3-foot square, 5-feet deep) is located east of the parts washer. The sumps passed integrity tests conducted by Earth Tech. in November or December 1994. Mr. Kennard reported that the sumps are also scheduled for closure and replacement with an aboveground water tank. Both sumps are reportedly constructed of ½-inch steel and concrete.

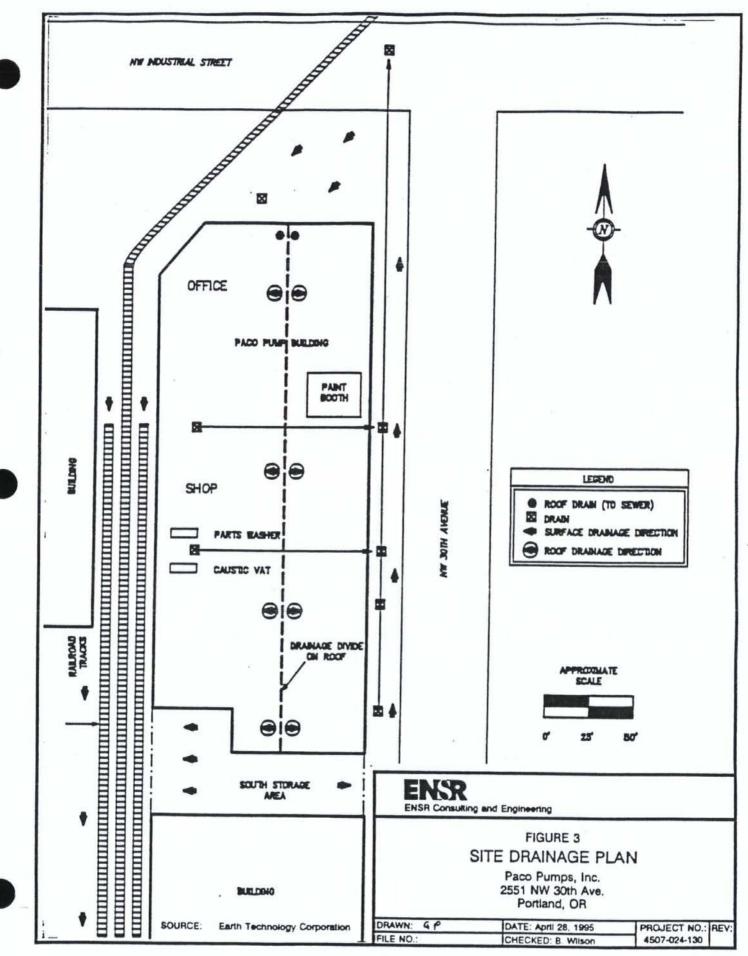
Water from these tanks is pumped to a drain connected to the sewer system on an asneeded basis (no specific frequency).

3. Selected Facility Information:

- (a) Septic tanks/leaching fields: No septic tanks or leach fields were identified this facility.
- (b) Sanitary sewers: The City of Portland provides sanitary sewer service for the facility. At this time the sewer system is a combination system, with the storm water sewers and sanitary sewers using the same pipes. The City of Portland is planning to separate the systems, however no solid timetable for this change has been set.
- (c) Process wastewater sewers: No process wastewater is produced, therefore no wastewater sewers are provided. Earth Technology Corporation, the environmental consultant for PACO Pumps, has applied for a wastewater permit from the City of Portland, because rental pumps are cleaned after being returned. The City of Portland has said PACO Pumps is considered a de minimis discharger and does not need a discharge permit.
- (d) Facility water supplies (potable and process): The City of Portland provides water to the facility.
- (e) Above and underground storage tanks: No active above ground or below ground storage tanks were identified in the site. One UST was abandoned in place on November 12, 1993, per DEQ and Fire Department regulations and guidelines. This abandonment is discussed further in Section III of this Exhibit.
- (f) Electrical transformers/capacitors: One dry-type transformer (Westinghouse DT-3, Type 2, Class AA, 480 V.) was observed during the site visit. It is located approximately midway down the east wall. According to facility personnel this transformer was installed in the last few years. Capacitors were likely to be present in the fluorescent light ballasts. If these have been replaced in the last few years, it is unlikely that electrical equipment contains PCBs.
- (g) Wells (active or abandoned monitoring, potable or process water supplies, injection, gas/oil): No wells were observed on the subject property during the site visit. Facility personnel indicated that to their knowledge, none have ever been installed.
- (h) Other: PACO Pumps, Inc., is listed as a small quantity hazardous waste generator and has been assigned an EPA identification number of ORD058145137. Environmental permits, and other pertinent information are kept in a three ring binder that was prepared by Earth Technology Corporation. Material safety data sheets are kept with the material

or in a binder if they cannot be readily attached to the container holding the material. Waste disposal manifests are kept on file. All of this information was readily available for review.

- 4. Observations Concerning Waste Management Practices at Site
 - (a) Date of site/facility inspection: April 24, 1995
 - (b) Weather-related limitations: There were no weather-related limitations during the site visit.
 - (c) Access-related limitations: There were no access-related limitations during the site visit.
 - (d) General condition of interior areas:
 - (i) Process areas: Process areas included the machining, painting, and assembly areas. The machining and assembly areas were relatively clean without evidence of spills. All metal shavings and scraps were contained in drums for recycling.
 - The paint booth area had some overspray on the concrete floor and the interior of the booth.
 - (ii) Raw material/chemical supply areas: Raw materials for pump construction and repair are stored in the warehouse area on shelves. Coatings, lubricants, flammable materials and solvents were stored in the southeast comer of the warehouse in a 10 foot by 10 foot cinder block room. Small containers were stored on shelves. The area appeared in good condition.
 - (iii) Waste storage areas: Six 55-gallon drums of used motor oil were stored in a metal containment tub slightly east of the caustic tank and parts washing area. No visible staining was observed on the floor surrounding the metal containment tub.
 - (iv) Floor drains, sumps: There are several floor drains located in the warehouse area (see Figure 3). According to facility personnel, these drains connect to the sanitary sewer. The floor drain in the flammable storage area has been plugged with concrete. No stains were noted in the vicinity of the floor drains.



Cracks in the floor were observed around a drain in the equipment washing area. Pump wash water is discharged to the sewer system via this drain. The wash water could contain residual dirt and oils from the pumps.

(v) Other: The two 55-gallon drums of new motor oil, stored in the flammable storage area, are grounded. There is a lip around the floor of the flammable storage area but the floor is not coated. No stains were observed in this area.

All cylinders of compressed gas were on wheeled carts or hand trucks and secured with chains.

(e) General condition of exterior areas:

- (i) Process areas: No work activities are performed outside.
- (ii) Waste storage areas: General refuse is stored outside of the building in a dumpster. No staining was observed in the vicinity.
- (iii) Loading/unloading docks: These areas were free of debris and did not exhibit any evidence of materials being spilled.
- (iv) Tank fill locations: No underground or above ground tanks were observed.
- (v) Catch basins: Some dirt has built up around the storm water drain in the north parking lot and the drains along the east side of the building. These drains connect to the sanitary sewer. No staining was observed near the catch basins.
- (vi) Other: There is a 125 gallon propane tank for filling the fork lifts located at the southeast corner of the south storage yard. Large diameter hoses are stored on pallets and the ground in the south storage yard. In general, the area is kept neat and free of debris.

(f) Other observations:

- (i) Discolored soils: None were observed
- (ii) Discolored water: No free standing water was observed on site.
- (iii) Unusual odors: No unusual odors were noted during the site visit.



- (iv) Unusual vegetative conditions: The vegetation between the west side of the building and the railroad tacks is sparse.
- (v) Other observations: There is some soil built up on the pavement in the south storage area near the propane tank. The soil may be deposited by stormwater runoff.

PART III: SITE HISTORY AND DESCRIPTION OF SURROUNDING LAND USES

1. Description of Former Uses of Site, Including Dates Where Known, and Other Relevant Information Concerning Waste Generation, Disposal, and Underground Tanks:

Jerry Ross, PACO Pumps Sales Manager, reported that the building is approximately 25 or 30 years old, but had no other information. Reviews of aerial photographs and Multnomah County Department of Taxation records were performed to determine former uses of the property. The property was purchased by PACO Pumps, Inc. in 1986 from Pacific Pumping Company. According to Mr. Ross, this company performed the same operations as PACO Pumps, Inc. The building on the site was visible in all of the aerial photographs reviewed (oldest available photograph was from 1956).

Department of Taxation records for Lots 8 through 13, Block 6, Industrial Center (Tax ID number R-41490-1810) were reviewed back to 1947. This review indicated that the land currently owned by PACO Pumps was sold to Pacific Pumping Company in 1952. Prior to that time, individuals owned the various lots. It was not possible to identify the land usage prior to 1952 from this review.

There is one abandoned-in-place 1,000-gallon underground storage tank (UST) on-site. This tank was used to store diesel fuel. The tank was abandoned on November 12, 1993, by Portland Tank Service, Inc., in accordance with all applicable Oregon Department of Environmental Quality (DEQ) and Portland Fire Department regulations and guideline. The Certificate of Abandonment is included in Exhibit 15-B.

 Description of Current and Former Uses of Properties Abutting or Adjacent to the Site, Including Relevant Information Concerning Potential Waste Generation and Underground Tanks:

The property is located in an industrially zoned area. To the north across NW Industrial Street, is the Portland Brewing Company brewery and ale house. To the east and south, is Galvanizers Company, who's operations include zinc hot dipping. To the west, on the other side of a railroad spur, is Martin Sprockets, a firm that manufactures sprockets and gears.

The aerial photograph reviews suggest that there have not been major changes in the uses of the land adjoining the site. According to facility personnel and the aerial photographs, the

Galvanizers Company has occupied the land to the east and south as long as Pacific Pumping and PACO have. Galvanizers are a small quantity RCRA generator who's operations include zinc hot dipping. According to the EDR report, their hazardous wastes include lead and a liquid with a pH less than 2. There are reportedly two decommissioned USTs at this site.

The Portland Brewery is located north of the subject property across NW Industrial. No information was available for this site. Beer is brewed on site and there is also a brew pub operation. The brewery was built between 1992 and 1994. According to facility personnel, the brewery site was previous a Chinese restaurant called the Double Happiness. The address of the brewery site does not appear in any of the reviewed databases.

Martin Sprockets, located across the railroad tracks to the west of PACO, manufactures gears. Martin Sprockets does not appear in any data base reviewed.

Review of aerial photographs did not reveal any significant changes in the adjacent property uses, except for the brewery.

3. Description of Other Potentially Significant Land Uses Currently Situated Within a Minimum of 250 Feet of Site:

No other potentially significant land uses were identified with 250 feet of the site."

PART IV: INVENTORY OF SENSITIVE RECEPTORS IN SITE VICINITY

1. Wells/Potable Drinking Water Supplies Within a Minimum of 1,000 Feet:

According to the EDR search there are no drinking water wells within 1,000 feet of the subject property.

2. Residences Within a Minimum of 1,000 Feet:

There are some residences located south of the subject property and Mount St. Helens Road. However, these residences appear to be immediately out side of the 1,000 foot radius. They are also topographically upgradient of the subject property.

3. Significant Wet Areas/Surface Water Bodies Within a Minimum of 1,000 Feet:

There are no significant wet areas or surface water bodies within 1,000 feet of the subject property.

4. Other Sensitive, Off-Site Receptors Within a Minimum of 1,000 Feet:

There were no other sensitive off-site receptors observed within 1,000 feet of the subject property.

PART V: DESCRIPTION OF KNOWN OR SUSPECTED RELEASES OF HAZARDOUS MATERIALS OR PETROLEUM HYDROCARBONS

As part of ENSR's investigation of the subject property, a review of various governmental data bases was conducted using EDR/Toxicheck of Southport, CT.

The following federal and state contamination-related data bases were searched for the areas surrounding the subject property; the various search distances used are noted in parenthesis:

NPL: for existing and proposed Superfund sites on the National Priorities

List (1.0 miles of the subject property).

RCRIS/TSDF: for reported sites that treat, store and/or dispose of hazardous waste

and subject to the federal RCRA regulations (1.0 mile).

SHWS: for identified hazardous waste sites designated under various state

regulations (1.0 mile).

CERCLIS: for abandoned, uncontrolled or inactive hazardous waste sites reported

to the U.S. EPA. (0.5 mile).

SWF/LS: for identified landfill sites designated under various state regulations

(0.5 mile).

LUST: for leaking underground storage tanks reported to the state under

various state regulations (0.5 mile).

UST: for underground storage tanks registered on the property under

various state regulations (0.5 mile).

RCRIS/LQG: for reported large quantity generators of hazardous waste (0.1 mile).

RCRIS/SQG: for reported small quantity generators of hazardous waste (0.1 mile).

ERNS: for sites reporting spills to the U. S. EPA and/or the U. S. Coast Guard

under various federal regulations (0.1 mile).

HMIRS:

for sites reporting hazardous material spill incidents to the U. S. Department of Transportation under various federal regulations (0.1 mile).

The radial search distances used equal or exceed those recommended by the ASTM (formerly American Society for Testing and Materials) for assessing the environmental condition of commercial real estate.

The results of the data base search were used to respond to the issues discussed in this Part of the questionnaire.

1. Has the Subject Site Ever Been Listed on Any of the Following:

	· ·	Yes	No
(a)	National Priorities List (Superfund)		X
(b)	CERCLIS Data Base (of Potential Problem Site)	_	_x_
(c)	State List/Inventory of Problem Sites	_X	

If "Yes", describe the listing, including lead agency, reason for listing, and current status of the case:

The facility is listed on the Oregon Department of Environmental Quality (DEQ) Cleanup Site List due to PCB contamination detected in soil on the west side of the building. According to facility personnel this contamination is most likely from Burlington Northern spraying oil based herbicides on the railroad tracks. PACO identified the contamination when buying the property, and contracted Pegasus Waste Management (now out of business) to remediate the PCB containing soil. DEQ was notified of the discovery and sent a representative to observe cleanup activities.

No final report of the cleanup has ever been submitted to the DEQ, however Earth Tech. is believed to have incorporated some PCB-related data in a 1991 report. ENSR has requested a copy of the report. The DEQ data base indicates that 15 ppm of PCBs was detected in soil from an on-site drainage swale. The DEQ cleanup level for industrial properties is 0.7 ppm. A limited chronology of the PCB investigation is included as Exhibit 15-D.

2. If the Facility or Site Has Not Been Listed in (1) Above, Has the Facility Ever Had a Release, Spill, or Leak of a Hazardous Substance or Petroleum Hydrocarbons or Has the Facility/Site Ever Been Investigated by a Governmental Agency for the Actual or Potential Presence of an On-Site Contamination Problem? If so, Describe the Circumstances Surrounding the Incident (Date, Source, Location), Including Any Notification Submitted or Received, the Agency Response and Current Status of the Matter:

The facility has not been investigated for any other spill, leaks, or releases.

3. Are There Any Sites Located Within a Minimum of 1,000 Feet of the Subject Site that are Shown on Either the National Priorities List of Federally-Designated/Proposed Superfund Sites, the U.S. EPA's CERCLIS Data Base List of Potential Problem Sites, or Any Comparable State List: for Each Identified Site, Describe Source of Listing, Approximate Distance and Direction Relative to Subject Site, and Whether or Not the Listed Site Appears to be in an Upgradient, Downgradient, or Parallel Hydrogeological Gradient Relative to the Subject Property:

One site, Mogus Corporation, approximately 1/8-mile northwest and downgradient of the subject property, appears on the CERCLIS and state hazardous waste site (SHWS) list. This company manufactures pesticides/toxic substances. The EPA has conducted a preliminary assessment of this property and has determined that no further action is necessary and no hazard was identified.

Galvanizers Company appears on the SHWS, however no other information is provided. This facility is cross-gradient of the subject property. According to PACO personnel, they are not aware of any major problems at Galvanizers.

PART VI: REFERENCES

1. Persons Performing the Site Investigation (name, title, responsibility):

Bob Wilson, Geologist, site inspection, investigation, and report preparation.

2. Persons Interviewed (name, title, address, phone number):

Jerry Ross; Sales Manager, PACO Pumps, Inc.; 2551 N.W. 30th, Portland, OR, 97210; (503)224-6330.

Gil Wister; Project Manager, Oregon Department of Environmental Quality; 811 SW 6th Ave, Portland, OR. (503)229-5512.

Barbara Hall; Records Clerk, Oregon Department of Environmental Quality; 2020 SW 4th, 4th floor, Portland, OR. (503)229-5619.

3. Reports and Documents Reviewed:

Earth Technology Corporation. August 9, 1993. 1111 North Loop West, Ste 1111, Houston, TX, 77008. Environmental Survey of PACO Pumps, 2551 NW 30th Ave, Portland, OR 97210. Requested by City of Portland 4/1993

Environmental Data Resources, Inc., April 21, 1995. The EDR-Radius Map with GeoCheck™. 3530 Post Road, Southport, connecticut 069490.

U.S. Geological Survey. 1961. Portland, Oregon, 7.5-minute series topographic quadrangle. 1961. Photorevised 1970 and 1977.

Oregon DEQ file on PACO Pumps, Inc.

Multnomah County Department of Taxation; 610 SW Alder, Portland, OR. Reviewed tax records for Block 6, Lots 8 through 13 (PACO Pumps, Inc. property) from 1947 through 1994. (503)248-3326



Northern Light Studio. 1995. 2407 SE 10th Ave, Portland, OR, 97214. (503)236-2139. Aerial Photographs: July 8, 1994; June 19, 1992; July 15, 1990; September 3, 1988; June 13, 1986; July 1, 1984; April 26, 1980; June 17, 1977; May 17, 1973; May 11, 1971; August 29, 1968; September 23, 1964; 1961; 1956.

SIGNATURES AND QUALITY CONTROL REVIEW

BY:

Robert Wilson

DATE: May 1, 1995

TITLE: Geologist

QUALITY CONTROL REVIEW

BY:

Diane J. Lazarus

TITLE: Project Manager

DATE: May 2, 1995

EXHIBIT 15-B

CERTIFICATE OF ABANDONMENT

15:09 #859 7.02/04

CERTIFICATE OF ABANDONMENT OF UNUSED UNDERGROUND HEATING OIL TANK

This letter will verify that on November 12. 1993

Portland Tank Service, Inc., following Oregon State Department of Environmental Quality recommendations and guidelines, and current Fire Department regulations, has abandoned in place the unused underground heating oil tank located at:

2551 N.W. 30th & Industrial, Portland, Oregon 97210

A concrete slurry was used to fill the subject tank. The subject tank capacity is 1000 Gallon.

Charles A. Bush

Portland Tank Service, Inc.

Oregon State Department of Environmental Quality Underground Storage Tank Service Provider License #13347 Soil Matrix Clean Up Provider License #13427 CCB License #90321



OR St. D.E.C. Underground Storage Tank Service Provider License a 15347 WA St. D.O.E. Underground Storage Tank Service Provider License a 6002160

(503) 282-1945 Fax (503) 282-2452 7315 N.E. 47th Ave. Portland, OR 97218

CHARLES BUSH General Contractors License # CCB90321

PCC00409



Oregon Department of Environmental Quality 811 SW Sixth Avenue Portland, Oregon 97204-1334 229-5559 and In Oregon 1-800-452-4011

PERMITTEE

Paco Pumps, Inc. 2551 N.W. 30th Portland, OR 97208

UNDERGROUND STORAGE TANK PROGRAM TEMPORARY PERMIT

FACILITY

Facility LD. Number.

6046

PACO PUMPS, INC. 2551 N.W. 30TH PORTLAND, OR 97208 AHE

PERMIT NUMBER: ISSUE DATE: 30-JUN-88

1

Tank LD. Number:

Tank Contents: DIESEL

The Department of Environmental Quality issues this temporary permit with the understanding that the Permittee is to comply with the conditions on the reverse side of this temporary permit.

Fred Hansen

Director

Department of Environmental Quality

PCC00410

98%

%86

D . 72

MAY-04-1995

18:19

206 883 4473

City of Portland
FIRE PREVENTION DIVISION
SS S.K. Ash Street

PERMIT NUMBER: 1331443

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- O) Argon UN1006
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- P) Motor Oil 10wt 20 gallons
- Q) Kerosene 35 gallons
- R) Lubriko Grease 10 gallons
- S) Chevron #325 Thinner 4 gallons
- T) Water Base Paint 75 gallons
- U) Lacquer Base Paint 40 gallons
- V) Caustic Tank Solution 300 gallons

EXHIBIT 15-D

LIMITED CHRONOLOGY OF THE PCB SOIL INVESTIGATION

Page 2 - PACO Pumps 12 Jan 88

Mr. Woods had questions about PACO Pumps in response to "Special Disposal Permit Application" submitted to METRO/DEQ for disposal of oil contaminated soil. WMC gave a summary of events to date. Mr. Woods requested the analyses 3 inch - 5 inch depth. He also wanted to be kept up to date on the entire clean-up effort. Mr. Woods said the EPA limit for PCBs on soils was 10 ppm and DEQs limit was the same as EPAs'.

08/28/87 - Lab results (Ref: Log # A870826-AI)

#2 - 3 mg/kg PCB; no EP TOX metals, no flash

#3 - 0.1 mg/kg

#4 - 3 mg/kg

\$5 - 5 mg/kg

08/31/87 - WMC (PWMI) to Bruce Van Aken (BVA), (PACO Pumps), telephone discussion

WMC gave Mr. Van Aken results of 08/28/87 analyses. WMC also informed Mr. Van Aken about DEQ contact. Mr. Van Aken gave okay to give data to DEQ.

09/03/87 - WMC (PWMI) to Ed Wood (DEQ)

Follow-up call to give results to Mr. Woods

09/04/87 - PWMI took representative sample of drainage swall as directed by Bruce Van Aiken (PACO Pumps). PWMI removed soil to 12 inches depth. PWMI also cut away discolored railroad ties. (Five (5) drums each 55 gallon of debris). After removal, PWMI sampled clean railroad tie and excavated area.

09/24-87 - Lab Results from samples taken on 09/04/87 (Ref: Log # A870917-E)

clean railroad tie (PCB 1 mg/kg)

soil sample of excavated area (PCB 3 mg/kg) (composite)

soil sample of drainage swail (PCB 15 mg/kg) (composite)

77%

Page 3 - PACO Pumps 12 Jan 88

09/28/87 - WMC (PWMI) to BVA (PACO Pumps), telephone discussion

Discussed new data on swail. He said to contact DEQ and present recommendations and presentexpanded scope of work (to PACO Pumps).

09/29/87 - WMC (PWMI) to Ed Woods (DEQ), telephone discussion

WMC acked whether 3 ppm is acceptable for backfilling. Mr. Woods said, on new spills, the guideline is 10 ppm or less and for old spills. it is less. He said to "shoot for 1 ppm". He gave a "maybe" on 3 ppm saying this probably would be acceptable (but reserved the option to change his opinion).

09/30/87 - PWMI disposed of five (5) drums of debris at St. Johns Landfill

10/14/87 - WMC (PWMI) visited Ed Woods (DEQ) _

Informally discussed project and new lab results of 15 ppm in swall area

12/10/87 - BVA (PACO Pumps) to WMC (PWMI)

Bruce mentioned that the company was being sold and we should backfill the excavated area. I reiterated our recommendation to get an okay from DEQ before backfilling and take a sample out side of the drainage area to determine whether PCB contamination was limited to PACO Pumps' drainage area (or whether it could have been caused by the railroad). He told us to backfill by December 31, 1987.

12/31/87 - PWMI Backfilled excavated area with sand (as directed by BVA) and took grab sample outside drainage area, -- (as directed by Jack Nesen (PACO Pumps)).

12/31/87 - Don Peters (DEQ) to WMC (PWMI), telephone discussion

Mr. Peters called to determine status of project in Mr. Woods' absence. I gave Mr. Peters, BVA's telephone number. WMC also gave brief summary of project.

01/07/88 - Lab results of soil sample taken outside drainage area (PCB= 1.2 mg/kg (grab sample) Ref: Log # A871231-B

PCC00417

Page 4 - PACO Pumps 12 Jan 88

This is only a chronological summary of events and conversations during the subject project. I hope this is helpful to you. If you have further questions or need more information, please call me at 682-5802.

The diagram is being forwarded under separate cover.

Respectfully Submitted,

Wayne M. Coppel

WMC/hjw

PCC00418



August 31, 1995

DEPT OF ENVIRONMENTAL QUALITY

RECEIVED

SEP 1 4 1995

DEPARTMENT OF ENVIRONMENTAL

QUALITY

NORTHWEST REGION

NORTHWEST REGION

Re:

Preliminary Assessment Review - Paco Pump

Portland, OR

Multnomah County

ECSI #146

Dear Mr. Lilla:

Mr. John Lilla

NEWFLO Corp.

Austin, TX 78746

301-310 Camp Craft Rd., Suite 100

This letter responds to Earth Tech's submittal of a Site Assessment report to the Oregon Department of Environmental Quality (DEQ's) Site Assessment Program for review. This letter also serves as an agreement between DEQ and NEWFLO Corp. regarding DEQ review and oversight of the site assessment of hazardous substances at the Paco Pump facility located at 2551 NW 30th Ave., Portland, OR.

DEQ agrees to review environmental documents submitted by you or on your behalf regarding the site assessment of the above-referenced site. Additional DEQ oversight details will be established upon review of the initial site data.

DEQ requires that persons seeking DEQ review and oversight of site assessment activities provide a minimum deposit of \$2,000.00 as an advance against costs that DEQ will incur. The advance deposit must be in the form of a check payable to DEQ. When you have signed this letter to formalize your request, and DEQ has received your deposit, a sub-account of the Hazardous Substances Remedial Action Fund will be established to be drawn upon by DEQ as project costs are incurred.

DEQ project costs will include direct and indirect costs. Direct costs include site-specific expenses and legal costs. Indirect costs are those general management and support costs of the DEQ and of the Waste Management & Cleanup Division. Indirect costs are those allocable to DEQ oversight of this Letter

Agreement that are not charged as direct, site-specific costs. Indirect charges are based on actual costs and are applied as a percentage of direct personal services costs. Review and oversight costs shall not include any unreasonable costs or costs not otherwise recoverable by DEQ under Oregon Revised Statutes 465.255.

DEQ will provide you with a monthly statement. In the event project

Iohn A. Kitzhaber Governor



2020 SW Fourth Avenue Suite 400 Portland, OR 97201-498' (503) 229-5263 Voice TTY (503) 229-5471 Letter Agreement - NEWFLO Corp. Page 2

costs exceed the \$2,000.00 sub-account, DEQ will submit to you an invoice for any costs in excess of the advance. In the event project costs do not exceed the sub-account balance, DEQ will refund within 60 days of the close of the project any amount of the deposit remaining in excess of the actual costs, or will apply the remaining amount toward oversight of an administrative agreement if an agreement for further action is necessary.

Either DEQ or NEWFLO Corp. may terminate this Letter Agreement by giving 15 days advance written notice to the other. Only those costs incurred or obligated by DEQ prior to the effective date of any termination of this Letter Agreement shall be recoverable under this Agreement. Termination of this Letter Agreement will not affect any other right DEQ may have for recovery of costs under any applicable law.

NEWFLO Corp. shall hold DEQ harmless for any claims (including but not limited to claims of property damage or personal injury) arising from activities of Paco Pump Co. that are reviewed or overseen under this Letter Agreement.

This Letter Agreement is not and shall not be construed as an admission by NEWFLO Corp. of any liability under ORS 465.255 or any other law or as a waiver of any defense to such liability. This Letter Agreement is not and shall not be construed as a waiver, release or settlement of claims DEQ may have against NEWFLO Corp. or any other person or as a waiver of any enforcement authority DEQ may have with respect to NEWFLO Corp. or the Paco Pump site. Upon DEQ's request and as necessary for oversight of your work under this Letter Agreement, NEWFLO Corp. agrees to provide DEQ with data and records related to investigation and cleanup activities at the property, excluding any privileged documents identified as such by you.

Gil Wistar is the DEQ Project Manager for the review and oversight of the investigation and cleanup activities associated with your property. Please refer all inquiries to Mr. Wistar at (503) 229-5512.

DEQ appreciates your interest in the Voluntary Cleanup Program and looks forward to working with you.

Sincerely,

Tom Bispham Administrator

Northwest Region

Tom Busham

Letter Agreement - NEWFLO Corp. Page 3

If the terms of this Letter Agreement are acceptable to NEWFLO Corp., please have it executed by an authorized officer in the space provided below and returned to us as soon as possible.

Accepted and agreed to-this)_

day of Seft.

1995

RA:

Title:

NEWFLO Corp.

DEPT OF ENVIRONMENTAL QUALITY
RECEIVED

SEP 1 4 1995

NORTHWEST REGION

NEWFLO Corporation

301 Camp Craft Road, Suite 100 West Lake Hills

Austin, TX 78746 314-8500 Fun: (512) 314-8511



Vice President Human Resources and Risk Management

December 11, 1995

Mr. A. J. Kennard, P.E. Earth Tech 1111 North Loop West, Suite 1111 Houston, Texas 77008

RE: PACO Pumps, Inc. Portland, OR

Dear Mr. Kennard:

I received the enclosed notice from the Oregon Department of Environmental Quality (DEQ). I am quite disappointed that the DEQ did not accept your documentation and find your report sufficient to enable them to make a "No Further Action" determination.

Please call Mr. Wistar of the DEQ and find out what else has to be done for them to issue a NFA determination regarding the PCB issue. After you have discussed this issue with him, please give me a call.

Enclosed is a copy of the DEQ's notice to PACO Pumps. If you have any questions please let me know.

Sincerely,

encls...

cc: Robert K. Elders Jerry Ross Tami McHazlett



November 28, 1995

DEPARTMENT OF
ENVIRONMENTAL
OUALITY

NORTHWEST REGION

Mr. John Lilla NEWFLO Corp. 301 Camp Craft Rd., Suite 100 Austin, TX 78746

> Re: Paco Pumps, Inc. Portland, OR

Multnomah County ECSI #146

Dear Mr. Lilla:

The Oregon Department of Environmental Quality (DEQ) has completed its review of documents on file for the Paco Pumps Inc. facility, located at 2551 NW 30th Ave., Portland. Enclosed is DEQ's File Review Memo, which summarizes pertinent information about the site, and identifies areas in which DEQ may need additional data and/or investigation in order to make a "no further action" (NFA) determination.

Upon my initial review of documents that Earth Tech had submitted to the agency, it appeared as though an NFA letter from DEQ would be likely, and I mentioned this to A. J. Kennard of Earth Tech. However, upon closer examination of soil sampling data, it became clear that soil sampling to date has not determined the limits of PCB contamination along the west side of the building, and has not demonstrated that PCBs originated from an off-site location. Therefore, until the nature and extent of PCBs in soil are defined in this area, DEQ cannot determine what, if any, additional work may be needed to obtain an NFA decision. This finding is described in more detail in the *Conclusions* section of the File Review Memo.

DEQ is satisfied with the 1987 cleanup of petroleum-contaminated soil below the former discharge pipe. We also accept as complete the 1995 cleanup of soil beneath the concrete floor within the building, and agree with Earth Tech that internal engineering upgrades have made it very unlikely for the facility to cause any contamination in the future. Therefore, the only remaining environmental issue appears to be PCBs.

Should Paco Pumps wish to resolve this concern about PCB contamination at its Portland facility, DEQ would be happy to meet with you or any other site representatives to discuss options for further action at the site. Please contact me

2020 SW Fourth Avenue Suite 400 Portland, OR 97201-4987 (503) 229-5263 Voice TTY (503) 229-5471 DEQ-1 Mr. John Lilla November 28, 1995 Page 2

at (503) 229-5512 if you have any questions about this letter or the File Review Memo, or if you'd like to arrange a meeting with us.

Sincerely,

Gil Wistar

Site Assessment Specialist DEQ Northwest Region

Tiller m. Wister

Enc.

cc: Mike Rosen, NWR/DEQ (w/o enclosure)

Matt McClincy, NWR/DEQ (w/o enclosure)

Date: November 28, 1995

To:

File, ECSI #146

From:

Gil Wistar

Subject:

File Review for Paco Pumps, Inc.

1. INTRODUCTION

The purpose of this memo is to summarize available information on the Paco Pumps site and determine whether additional work is needed at the site under Oregon's cleanup law.

Paco Pumps is located at 2551 NW 30th Ave., in the Guilds Lake Industrial District of Portland, and consists of a single large building in which Paco assembles, tests, rents, and services pumps used in industrial applications. Since 1987, Paco Pumps has been a wholly owned subsidiary of Flow Technologies, Inc. of Houston, TX, which is in turn owned by the NEWFLO Corporation of Austin, TX. NEWFLO owns the building and surrounding property, which together consist of 1.3 acres. NEWFLO signed a Voluntary Preliminary Assessment Letter Agreement on September 11, 1995, in hopes of receiving a DEQ "no further action" determination for the Paco facility. Paco has conducted limited excavation and confirmation sampling of petroleum-contaminated soils in two locations, as described in Sections 6 and 7 below.

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2. BACKGROUND

The property is located in Township 1 North, Range 1 East, Section 29. The single-story building has about 50,000 sq. ft. of floor area. The site fronts along the west side of NW 30th Ave., and the property extends to NW Industrial St. Site diagrams are attached, as follows: Fig. 1 shows the general site vicinity; Fig. 2 is a plan view of the site; Fig. 3 is a hand-drawn map that depicts Pegasus Waste Management's 1987-88 sampling; Figs. 4 and 5 show 1995 sampling locations; and Fig. 6 is a schematic view of the above-ground oil/water

washwater drained into this wash sump. Paco used the other, larger sump, which was filled with water, to pressure-test pumps. This sump had no outlet or drainage capability.

A third sump, which collects wastewater generated from the testing of new pumps, is located further north within the building, in the pump assembly area. Until August 1987, water and accumulated lubricating oils from this sump were routinely discharged to the ground, through a pipe that penetrated the west wall. Over the years, this practice caused a small area of soil contamination surrounding the pipe's outfall point, which Paco became concerned about in mid-1987 (see Section 7 below). Paco has indicated that the only contamination that could have resulted from this discharge was from lubricating oils used in various pump components. In August 1987, Paco plugged the pipe that discharged from this sump and routed a new outlet pipe to the wash sump, which in turn drained to the sanitary sewer.

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Concrete was removed during the construction of this wash pad, and because soil contamination was found as expected beneath cracks in the concrete, Paco remediated this area before installing the new wash pad (see Section 7 below).

3. HAZARDOUS SUBSTANCE CHARACTERISTICS

As explained in Section 7 of this memo, the primary contaminants of concern that Paco has identified are polychlorinated biphenyls (PCBs). PCBs are a family of man-made chemicals containing over 200 individual compounds with varying degrees of toxicity. Also known by the trade name Aroclor, PCBs are commonly grouped into their most common "congeners" (i.e., PCB 1260, 1254, 1248, etc.), that correlate to the degree of chlorination within that group. Because of concerns over their toxicity and persistence in the environment, PCB manufacture ended in the U.S. in 1977. PCBs served primarily as coolants and lubricants in transformers, capacitors, and other electrical equipment, but were also used in many other applications. PCBs are viscous, dense, and chemically inert oils that are nearly insoluble in water and tend to adsorb tightly to soils. They are suspected human carcinogens at relatively low concentrations.

the industrial district. Of the 13 recorded domestic wells within the nine-section area surrounding Paco Pumps, all are located at higher elevations compared to the site. Based on these domestic well locations and on the regional groundwater flow characteristics described above, Paco Pumps appears to be downgradient from these wells and is unlikely to affect them.

There is one irrigation well recorded in Section 33, approximately 1.5 miles southeast of the site, and cross-gradient with respect to the site. There are no municipal wells within 2 miles of the site. There are 21 industrial supply wells within an approximate 1-mile radius of the site, the closest of which is at Hercules Power (3366 NW Yeon), 0.5 mile north of Paco Pumps (two wells). It is not known whether these wells are active and if so, the types of industrial processes they supply and whether site workers drink water from the wells. The wells are cased from the surface to bedrock, which occurs at depths of about 200 feet, and were drilled to 600 feet. Well logs show standing water at depths of about 30 feet in the completed wells.

SURFACE WATER: Site topography is generally flat. In this part of the City of Portland, stormwater and sewage are combined into a single drainage system that leads to the Columbia Boulevard Wastewater Treatment Plant in North Portland. Site drainage on the north end of the property is directed to a storm drain on that end of the building (see Site Drainage Plan). Along the eastern side of the building, a series of catch basins directs storm water runoff to the collector line on NW Industrial St. This underground drainage system also collects wastewater and sewage generated from inside the building (discussed above in Section 2). As mentioned above, this line is connected to the combined storm/sanitary sewer. Along the west side of the building, surface water runoff flows to the south along the railroad tracks that run in a north-south direction immediately behind the building.

The maximum 2-year, 24-hour precipitation in the site vicinity is 2.5 inches.

5. EXPOSURE PATHWAYS

It is unlikely that past or present activities at Paco Pumps could affect any domestic drinking water wells. Several industrial supply wells, which are within 0.5 mile and thought to be closest to the site, apparently draw water from deep basaltic bedrock and are sealed to prevent the infiltration of unconfined groundwater into their casings. Thus, although there is no evidence of groundwater contamination beneath Paco Pumps, even if there were such contamination, it would be unlikely to enter these wells and expose employees.

With respect to surface water, most contaminated runoff from the site, either from indoor operations or outdoor flow into the catch basins, will end up in the city's sewage treatment plant, and will not directly affect surface water (other than from combined sewer overflows during periods of precipitation). Along the west side of the building, exterior runoff flows south along the rail tracks and gradually infiltrates into the ground; the nature of surface contaminants detected on this side of the property is such that they would be likely to remain adsorbed to shallow soils as storm water carrying these contaminants percolates into the ground.

originated from some off-site source. In August 1987, at the request of the City of Portland to characterize pump test water that Paco had begun discharging to the sanitary sewer, Paco sampled water from this sump; analyzed for oil/grease, pH, and PCBs, the results were 6.5 mg/L, 9.75, and <0.2 μ g/L, respectively. Paco cited this non-detect PCB result as evidence that the PCBs in soil beneath the discharge pipe had not come from its facility.

Several weeks after this initial sampling, Pegasus applied to Metro for disposal of the contaminated soil that it anticipated excavating, and began digging soil by hand, since the area of contamination was small and the proximity of the building wall on one side and a rail spur on the other made access difficult. In fact, there is only a 5-foot space between the building wall and the railroad ties, and photos in the file show that the area of soil contamination extended slightly beyond the railroad ties. Pegasus at first removed the top 3 inches of discolored soil, collected a sample from the floor of this excavation, and again submitted the sample for PCB analysis: the result was 3 ppm PCB. An EP-Toxicity (metal leachate) test for this same sample showed non-detect results for arsenic, chromium, lead, mercury, selenium, and silver; the leachate extract did contain 0.285 mg/L barium and 0.026 mg/L cadmium. During its initial excavation, Pegasus also bored through the floor of the excavation to a depth of 18 inches, and collected a sample -- it contained 0.1 ppm PCB.

DEQ had received a copy of Paco's waste disposal application to Metro, and because this form noted the PCB contamination, DEQ's Northwest Region office contacted Pegasus in late August 1987 to inquire about site cleanup activities. This led to several phone discussions and meetings between Pegasus and DEQ regarding project activities and DEQ's expectations for further action. DEQ initially indicated to Pegasus that 10 ppm was the appropriate cleanup level for PCBs in soil, since that was the EPA standard for cleanups of new spills. However, DEQ later clarified its position, stating that 1 ppm might be a more appropriate level for remediating historical PCB releases. (NOTE: DEQ's current soil cleanup standard for PCBs is 0.08 ppm, but this did not take effect until 1992.)

After the initial contact with DEQ, Pegasus deepened the excavation to 1 foot, at which point a composite confirmation sample tested at 3 ppm PCB. Pegasus also cut away stained portions of several railroad ties. In total, the excavation generated five 55-gallon drums of solid waste, which are presumed to have been accepted for disposal at St. John's Landfill. During this same round of field work in September 1987, Pegasus collected a composite of near-surface soils in a drainage swale immediately south (downgradient) of the excavation area. This sample contained 15 ppm PCB and 0.316 mg/L leachable barium (non-detect for the other seven EPTOX metals). No soil removal or further sampling occurred in this swale area.

As directed by Paco, and without obtaining formal approval from DEQ, Pegasus backfilled the excavation with clean sand on December 31, 1987. On that same day, Pegasus collected a soil sample from a depth of 18 inches in an upgradient area about 100 feet north of the backfilled excavation, presumably to determine whether PCBs had migrated from the railroad onto Paco's property. It is not clear why the sample was obtained from a depth of 18 inches. The sample result was 1.2 ppm PCB (Aroclor 1260). DEQ visited the site in January 1988 to see the results of Paco's work; although DEQ's memo summarizing this visit and the sampling results obtained

- 2. The railroad runs very close to the building's west wall. What is the dividing line between the railroad property and Paco's property, and whose soil contains the PCBs?
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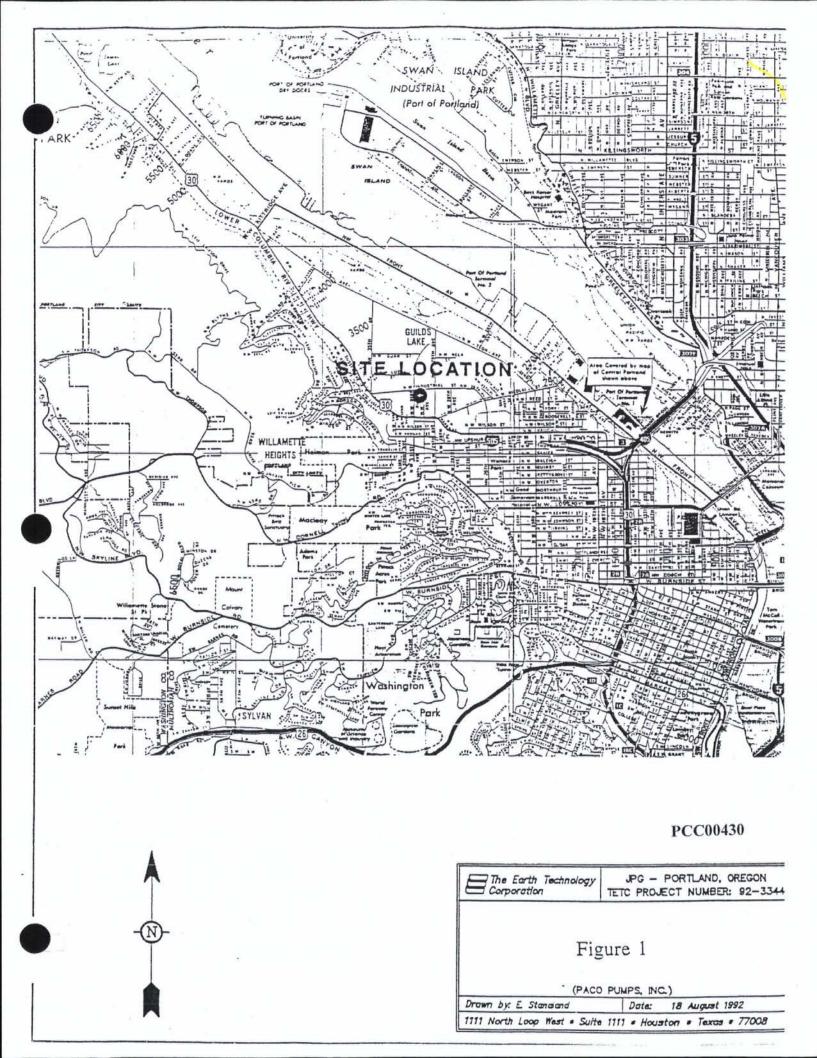
9. <u>CONCLUSIONS</u>

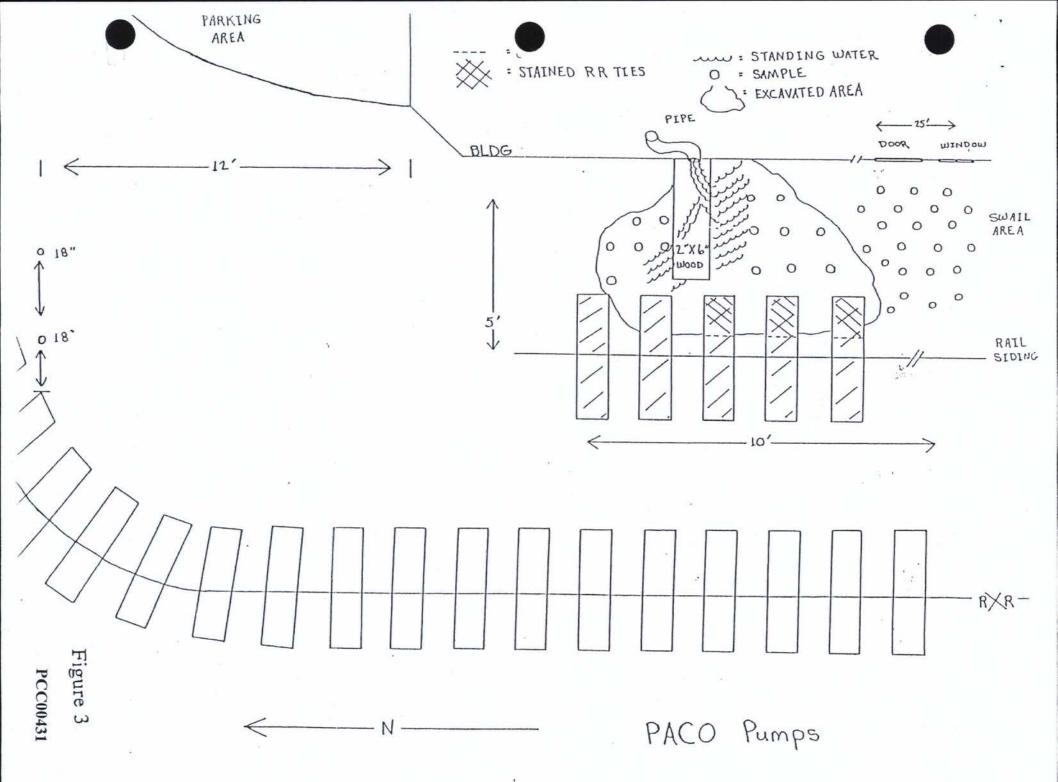
Site Actions Considered Adequate. Paco's 1995 internal upgrades appear to have eliminated the potential for ongoing facility operations to contaminate the environment. In addition, this work demonstrated that the former wash sumps did not leak and did not cause any contamination. DEQ is satisfied with the soil cleanup that occurred within the building after removal of the cracked concrete floor, since a contaminated stockpile sample contained no PCBs or metals, and confirmation sampling showed residual hydrocarbon levels to be insignificant. Finally, my October 18, 1995 site visit did not raise any additional environmental concerns about the facility, including the area where sandblasting occurred until 1992 - since this material had accumulated on a sheltered and paved surface, tested low for TCLP metals, and has been completely removed from the site.

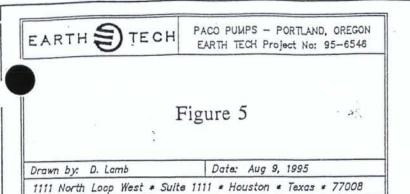
DEQ is satisfied with the 1987 removal of five drums of hydrocarbon-containing soil and debris from the former release area. There is no record of original TPH testing in this area; however, Earth Tech's 1995 borings demonstrated that residual hydrocarbons are below levels of concern. Normally, DEQ requires constituent analysis (i.e., solvents and semi-volatiles) in evaluating the adequacy of hydrocarbon cleanups. However, in this case, due to the small size of the spill area and the reported source of contamination (lubricating oils), there is no reason to believe that volatile or semi-volatile components at levels of concern would have been mixed in with the oils and greases that Pegasus removed in 1987.

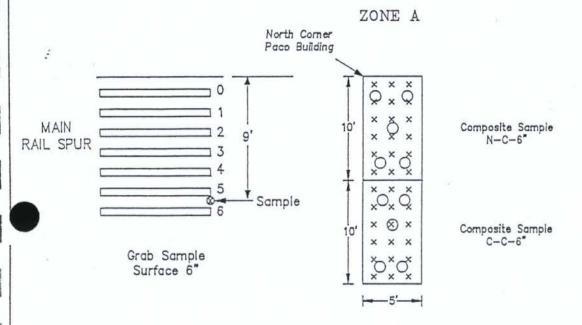
PCB Issues

Applicable Soil Cleanup Standards. Oregon's Soil Cleanup Standard for PCBs, contained in Oregon Administrative Rules 340-122-045/046, is 0.08 ppm, which is based on the excess cancer risk that incidental soil ingestion would create in humans. For a "simple" site, i.e., one in which there is only one principal contaminant and groundwater has not been affected, DEQ would consider cleanup to this level to be unconditionally protective of human health and the environment. It is possible to obtain DEQ's signoff for sites at which higher concentrations of PCB are left in soils; however, this generally requires the owner/operator to demonstrate that such levels are protective, and in such cases DEQ's signoff might also include conditions such as a deed restriction. For example, DEQ may accept the 0.7 ppm "industrial maximum" cleanup level at a bona-fide industrial site, if leachate (TCLP) tests show PCBs at 0.002 mg/L or less, and the owner/operator is willing to accept a deed restriction indicating that the property must



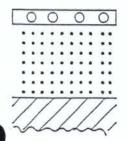








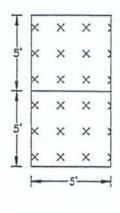
Detail A Excavation Soil Profile



1" Mixed Limestone Rock

11" Sand Backfill Sandy Clay

Native Soil at least 6" Inches Thick

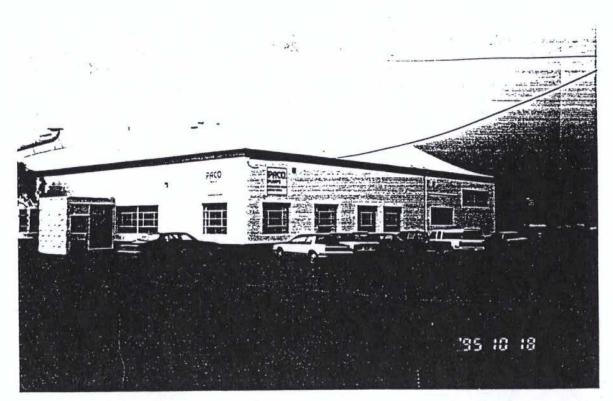


ZONE B

Composite Sample E-N-1-12

Composite Sample E-S-1-12*





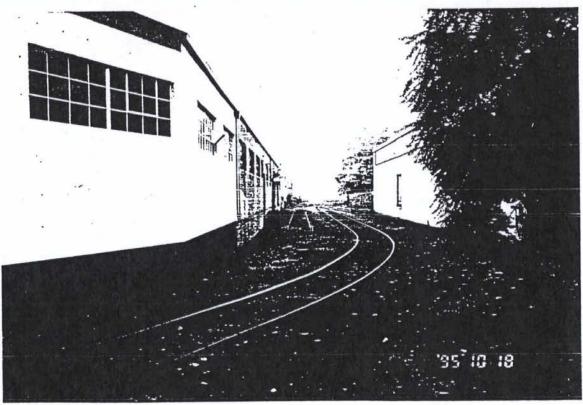


Photo 1: NE to SW view of Paco bldg., showing paved north parking area and Martin Sprocket & Gear off to right. Photo 2: Taken from NW corner of bldg. looking S; this is the area of the 1987 soil removal; it remains an active rail right-of-way.

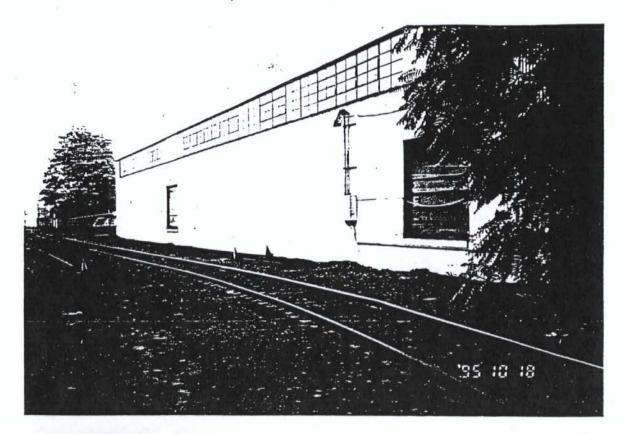




Photo 3: View towards SW, showing back side of Martin Sprocket & Gear; 1987 soil removal occurred at extreme left of photo. Photo 4: View towards SSE of west wall of bldg.; soil removal occurred between bldg. wall and north end of "derail"

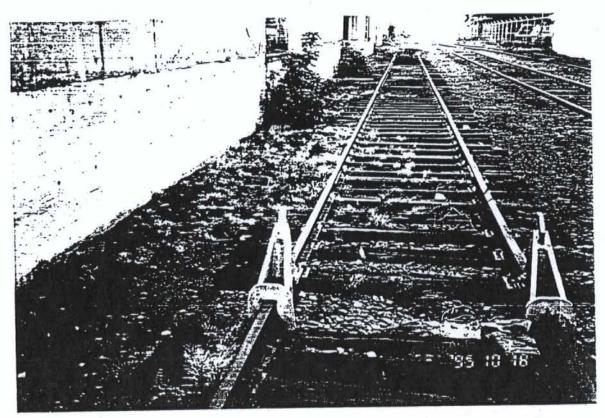




Photo 5: Close-up of area of soil removal. Note patched hole in wall, where discharge pipe exited bldg.; below this hole is where soil and three stained railroad ties were removed. Photo 6: East side of Paco bldg., which is used for shipping and receiving.

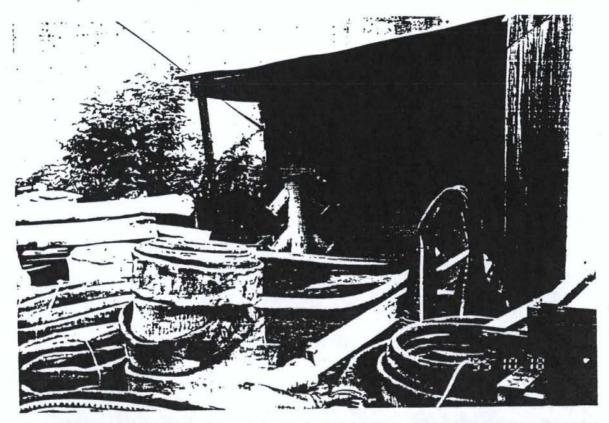




Photo 7: Lean-to at SW corner of bldg., where Paco formerly sandblasted pumps, and where sandblast grit accumulated until Paco disposed of it in 1993. Photo 8: general view of inside of bldg.; work areas, where Paco tests pumps and uses hazardous materials, are located on the right (west) side of photo.

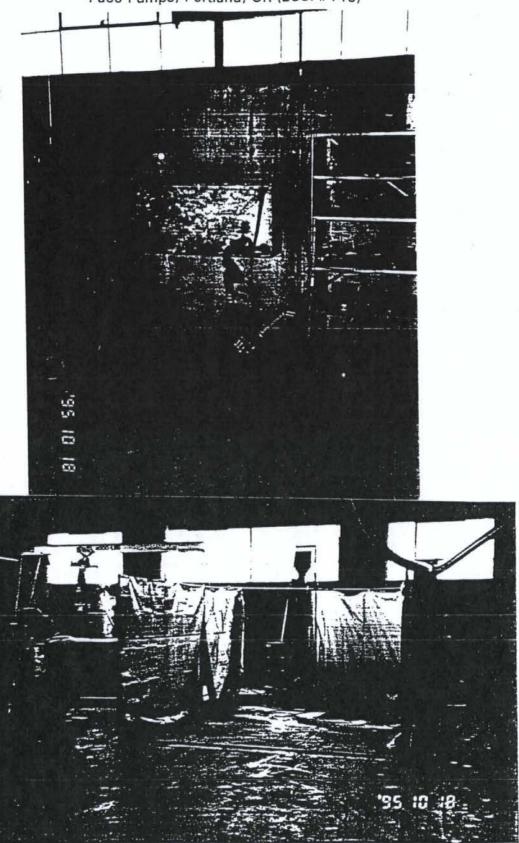


Photo 9: Picture of test sump for new pumps, which until 1987 discharged onto ground through a pipe that went through the wall (see photo #5). Photo 10: Further S along this same wall is the newly installed, metal-lined wash pad, with a sump in the corner and a curtain to contain overspray.

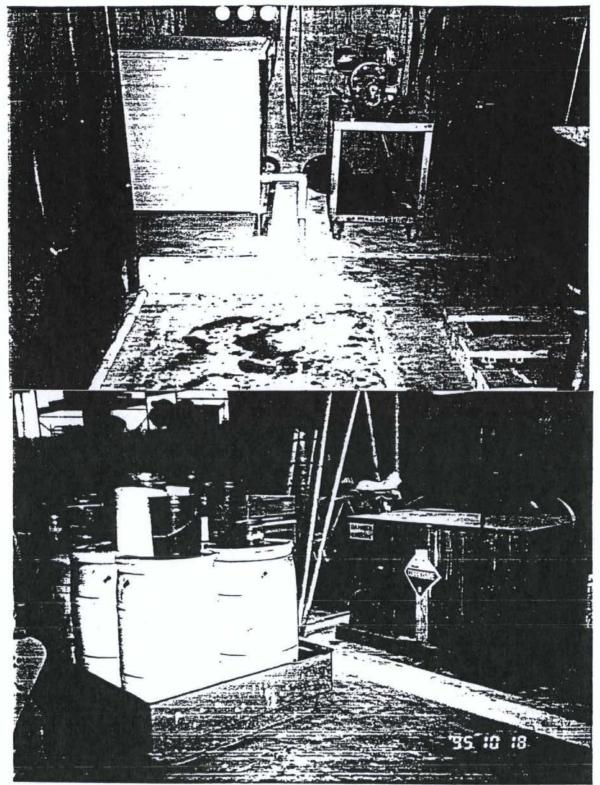


Photo 11: Close-up of right side of wash pad shown in photo #10 above. The gray tank is oil/water separator, through which all wastewater in the facility is now routed; it drains to the city's combined sanitary/storm sewer. Patches on the floor are outlines of former test sumps. Photo 12: Waste oil storage area to left, and hot tank to right, both of which have secondary containment.

separator installed within the building in 1995.

Industrial uses surround Paco Pumps to the west, south, and east. To the west, across an active railroad right-of-way, is the back side of Martin Sprocket & Gear, Inc. Galvanizers Company, a metal-plating facility, operates to the south and east of Paco. Directly east of the Paco building is a building and lot that appeared to be used for equipment storage and was vacant at the time of the 10/18/95 site visit. Finally, Portland Brewing Co. operates a brew pub across Industrial St., north of the site; the pub opened in 1994, with the previous occupant being a Chinese restaurant.

Paco Pumps was founded in 1906, in the aftermath of the San Francisco earthquake of that same year; the company opened a facility in downtown Portland in the 1920s or 1930s, and moved to its current location in the mid 1960s. Site history before Paco moved to the site is not known. The NW Portland facility (Fig. 2) employs 24 persons full time and operates during normal working hours Monday through Friday. The Portland operation has three principal sources of business: pump assembly (using parts manufactured at other locations); pump rental; and pump servicing. The facility has historically had five principal operations: 1) offices at the front (north) end of the building; 2) a pump manufacturing section; 3) a machine shop; 4) a washing and servicing area; and 5) a painting booth.

The interior of the Paco building has a concrete floor, and operations employing hazardous materials are located along the west half of the building, except for the spray-painting booth, located on the eastern side near a loading dock. Paco uses a self-contained solvent sink, which Safety-Kleen services on a regular basis. It also has a hot caustic tank, the sludge from which is occasionally cleaned out and disposed of as hazardous waste. The company applies "Paco Blue" paint to all pumps before they leave the facility, within an enclosed booth; painting generates no wastes. The company keeps six 55-gallon drums to store waste oil from certain large pumps that are powered by internal combustion engines; Harbor Oil collects the waste oil about three times per year. These six drums are stored next to the caustic tank, and both the drums and the tank have secondary containment structures. The facility stores a variety of raw materials in drums and smaller containers, including lubricating oils, motor oils, and paints. Paco does not store hazardous materials outdoors.

Until 1992, Paco sandblasted pumps in a sheltered and paved area off the southwest corner of the building. By 1992, waste sandblast grit had accumulated in this area until it was kneedeep. Having discontinued this process and having embarked on facility-wide housekeeping improvements, Paco cleaned up and disposed of the grit in 1993. Analytical testing showed that this material was not a hazardous waste.

Paco's rental/servicing requires pumps to be cleaned (pressure-washed) before they can be inspected or serviced. Until mid-1995, when the facility upgraded its washwater collection and disposal practices (described below) there were two metal-lined sumps in the southwest part of the building. One of these sumps (the "wash sump") collected washwater from pump-cleaning; it contained a discharge pipe leading to the sanitary sewer. Pumps were cleaned directly on the concrete floor of the building, and the floor was sloped such that

Date: November 28, 1995

To:

File, ECSI #146

From:

Gil Wistar

Subject:

File Review for Paco Pumps, Inc.

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4. ENVIRONMENTAL SETTING

SUBSURFACE HYDROGEOLOGY: The site is in the Guilds Lake Industrial District of northwest Portland. The lake was created in the Willamette River floodplain for the 1904 Lewis & Clark Exposition, by filling the ends of an abandoned meander channel with silt from the Kings Heights and Willamette Heights areas to the west. Historical records indicate that Guilds Lake was filled, beginning in the 1920s, with Willamette River dredge spoils, as well as construction debris and rubbish. By the early 1930s, the lake was mostly filled; industry developed on the new fill along the edges of the former lake bed. This area was originally in the 100-year flood plain, but filling activities have raised overall topography so that Guilds Lake is no longer included within this flood plain.

Guilds Lake is underlain by Recent to Pliocene-age flood-plain alluvium consisting of silt, fine sand, and gravels; it ranges in thickness from a few feet towards the southwest to over 100 feet near the Willamette River.

The Troutdale Formation underlies this alluvium; it consists of several hundred feet of gravel and conglomerate, with local lenses of sandstone and siltstone. Beneath the Troutdale Formation is Columbia River Basalt, 700 to 800 feet thick and consisting of a series of alternating hard, dense lava flows and rubbly interflow zones. The rubble zones contain and transmit significant quantities of groundwater.

The Troutdale Formation and Columbia River Basalt are regional aquifers, and are used for drinking water. Regional flows in both are from higher areas southwest of the site towards the Willamette River. Flows in the alluvial aquifer are estimated at between 2 and 20 feet per year. The Troutdale and Columbia River Basalt aquifers appear to have artesian heads within the central Portland Basin. Thus, groundwater from the basalt discharges upwards to the overlying Troutdale, and leakage from the Troutdale discharges upwards into the alluvium.

Recharge to the alluvium occurs through infiltration from rainfall south and west of the area. Downward leakage from the highly variable rubbish above the alluvium may also act as a source of recharge; however, low permeability silts on the former lake bottom retard such possible sources of downward migration.

Groundwater occurring in the fill has a varying flow regime, depending on seasonal differences in the water level in the Willamette River, and on the presence of zones of relatively higher permeability within the fill. Groundwater gradients in the area are generally flat, with average flow velocities of about 1.5 feet per year. Wells in the general vicinity of Paco Pumps show equilibrated depths to groundwater in the range of 6 feet to 21 feet.

The average annual net precipitation in the area is 21.09 inches, based on monthly precipitation and evapotranspiration data from the Portland Airport station.

According to records from the Oregon Dept. of Water Resources, the nearest recorded drinking water well is the Kraul well, located about 1 mile southwest of the site in the hills overlooking

File Review Memo - Paco Pumps, Inc. November 28, 1995 Page 5

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5. EXPOSURE PATHWAYS

It is unlikely that past or present activities at Paco Pumps could affect any domestic drinking water wells. Several industrial supply wells, which are within 0.5 mile and thought to be closest to the site, apparently draw water from deep basaltic bedrock and are sealed to prevent the infiltration of unconfined groundwater into their casings. Thus, although there is no evidence of groundwater contamination beneath Paco Pumps, even if there were such contamination, it would be unlikely to enter these wells and expose employees.

With respect to surface water, most contaminated runoff from the site, either from indoor operations or outdoor flow into the catch basins, will end up in the city's sewage treatment plant, and will not directly affect surface water (other than from combined sewer overflows during periods of precipitation). Along the west side of the building, exterior runoff flows south along the rail tracks and gradually infiltrates into the ground; the nature of surface contaminants the rail tracks and gradually infiltrates into the ground; the nature of surface contaminants detected on this side of the property is such that they would be likely to remain adsorbed to shallow soils as storm water carrying these contaminants percolates into the ground.

Because the site has uncontrolled access, direct contact with contaminated soils or surface water is a possibility along the back (west) side of the building. However, the only surface feature along this side of the site is a narrow railroad right-of-way between the backs of two industrial buildings, so the likelihood of any public use of this area, and therefore the potential for direct contact, are considered low.

6. REGULATORY HISTORY

Paco Pumps first registered as a hazardous waste generator in June 1987. DEQ has classified Paco as a Conditionally Exempt Generator (CEG) since that time. The facility manages and recycles its own waste in RCRA-exempt units, such as the self-contained, solvent-based parts washer.

In August 1987, when Paco notified the City of Portland of its need to discharge spent pump test water into the combined sewer system, the city required testing of a wastewater sample. Because this sample contained low concentrations of target contaminants, and because the expected discharge volume was so small, the city determined that Paco would need no permit.

In 1993, as part of an overall facility upgrade, Paco switched from oil heat to natural gas, and removed a heating oil tank from the east side of the property. Paco notified DEQ of its intent to remove the tank, but no contamination was discovered and DEQ did not open a leaking underground tank file for the site.

There is no other known regulatory involvement concerning environmental issues at the facility.

7. PREVIOUS INVESTIGATIONS

In 1987, Paco Pumps (then headquartered in Oakland, CA) initiated a soil-removal effort at the Portland site. The focus of this remediation was a stained area of soil immediately below the PVC pipe that had discharged pump test water from an interior sump (discussed in Section 2 above). (By August 1987, Paco had discontinued such discharges.) Paco hired Pegasus Waste Management, Inc. to clean up soil in this area. In general, Pegasus' work is not well documented, and the file contains only one hand-drawn figure that shows sampling locations (Fig. 3).

At Paco's direction, in early August 1987 Pegasus collected a composite sample of the top 3 inches of contaminated soil and submitted it for laboratory analysis. There is no record of any analysis being requested or run on this sample except PCBs - the result was 10 ppm PCB as Aroclor 1254. (NOTE: all PCB results listed below refer to Aroclor 1254 unless indicated otherwise.) It is unclear why Paco requested PCB analysis of this sample, but apparently did not request total petroleum hydrocarbons for the initial sample. Since becoming aware of this and subsequent PCB results for soils in the vicinity of the former discharge point, Paco has maintained that it had never used PCBs, and that these compounds must therefore have

File Review Memo - Paco Pumps, Inc. November 28, 1995 Page 7

originated from some off-site source. In August 1987, at the request of the City of Portland to characterize pump test water that Paco had begun discharging to the sanitary sewer, Paco sampled water from this sump; analyzed for oil/grease, pH, and PCBs, the results were 6.5 mg/L, 9.75, and $<0.2~\mu g/L$, respectively. Paco cited this non-detect PCB result as evidence that the PCBs in soil beneath the discharge pipe had not come from its facility.

Several weeks after this initial sampling, Pegasus applied to Metro for disposal of the contaminated soil that it anticipated excavating, and began digging soil by hand, since the area of contamination was small and the proximity of the building wall on one side and a rail spur on the other made access difficult. In fact, there is only a 5-foot space between the building wall and the railroad ties, and photos in the file show that the area of soil contamination extended slightly beyond the railroad ties. Pegasus at first removed the top 3 inches of discolored soil, collected a sample from the floor of this excavation, and again submitted the sample for PCB analysis: the result was 3 ppm PCB. An EP-Toxicity (metal leachate) test for this same sample showed non-detect results for arsenic, chromium, lead, mercury, selenium, and silver; the leachate extract did contain 0.285 mg/L barium and 0.026 mg/L cadmium. During its initial excavation, Pegasus also bored through the floor of the excavation to a depth of 18 inches, and collected a sample -- it contained 0.1 ppm PCB.

DEQ had received a copy of Paco's waste disposal application to Metro, and because this form noted the PCB contamination, DEQ's Northwest Region office contacted Pegasus in late August 1987 to inquire about site cleanup activities. This led to several phone discussions and meetings between Pegasus and DEQ regarding project activities and DEQ's expectations for further action. DEQ initially indicated to Pegasus that 10 ppm was the appropriate cleanup level for PCBs in soil, since that was the EPA standard for cleanups of new spills. However, DEQ later clarified its position, stating that 1 ppm might be a more appropriate level for remediating historical PCB releases. (NOTE: DEQ's current soil cleanup standard for PCBs is 0.08 ppm, but this did not take effect until 1992.)

After the initial contact with DEQ, Pegasus deepened the excavation to 1 foot, at which point a composite confirmation sample tested at 3 ppm PCB. Pegasus also cut away stained portions of several railroad ties. In total, the excavation generated five 55-gallon drums of solid waste, which are presumed to have been accepted for disposal at St. John's Landfill. During this same round of field work in September 1987, Pegasus collected a composite of near-surface soils in a drainage swale immediately south (downgradient) of the excavation area. This sample contained 15 ppm PCB and 0.316 mg/L leachable barium (non-detect for the other seven EPTOX metals). No soil removal or further sampling occurred in this swale area.

As directed by Paco, and without obtaining formal approval from DEQ, Pegasus backfilled the excavation with clean sand on December 31, 1987. On that same day, Pegasus collected a soil sample from a depth of 18 inches in an upgradient area about 100 feet north of the backfilled excavation, presumably to determine whether PCBs had migrated from the railroad onto Paco's property. It is not clear why the sample was obtained from a depth of 18 inches. The sample result was 1.2 ppm PCB (Aroclor 1260). DEQ visited the site in January 1988 to see the results of Paco's work; although DEQ's memo summarizing this visit and the sampling results obtained

to date expressed concern over the 15 ppm PCB result, there is no indication that DEQ pursued this matter beyond early 1988.

In 1995, Paco sought regulatory closure of the PCB issue, based on its belief that Paco was not responsible for PCB contamination, and that in any case the PCBs posed little threat to human health or the environment. On July 20, 1995, Paco's consultant, Earth Technologies Corp. (Earth Tech), carried out an independent sampling program at the site. Earth Tech collected five soil samples, two from native soil at the bottom of the 1987 excavation, and three from areas described as upgradient from this old release area (Figs. 4 and 5). Each of the two samples from the former pit consisted of a composite of two discrete sample points; the PCB results for these composites were non-detect (detection limit not specified in lab report) and 0.09 ppm (Aroclor types were not specified in lab reports for any 1995 samples). Total petroleum hydrocarbon (TPH) results for these samples were 30 and 20 ppm.

For the upgradient samples, Earth Tech collected soil from 10 discrete surface locations, and composited these into two samples for lab analysis. These samples contained 0.17 ppm/1.3 ppm PCB, and 75 ppm/200 ppm TPH. From this same general area, about 75 feet north of the former release area, Earth Tech collected a single discrete sample of surface soil from between railroad ties; it contained 0.45 ppm PCB and 1,050 ppm TPH. (The TPH result is relatively high, but probably reflects conditions typically found in active railroad beds.) Earth Tech concluded from these and previous results that contamination remaining in the former excavation pit was *de minimis*, and that the source of PCBs was off-site, since Paco had never used PCBs and PCBs were found upgradient of the facility's former release area. Earth Tech concluded that a DEQ determination of "no further action" for Paco was appropriate.

In conjunction with Paco's summer 1995 interior upgrade, Earth Tech excavated contaminated soil that had resulted from cracks in the concrete slab floor. The excavation extended about 1 foot into native soil, and continued, in Earth Tech's words, "until the soil no longer had odor." Following this removal, Earth Tech collected a series of discrete samples and composited them into three samples that were submitted to the lab for TPH analysis by EPA Method 418.1. Results were 15 ppm, 20 ppm, and 20 ppm. Based on this data, Earth Tech backfilled the excavation in preparation for the new wash pad. The excavated soil, which contained petroleum hydrocarbons but had tested non-detect for PCBs and the eight RCRA TCLP metals, was disposed of at Hillsboro Landfill.

8. DATA GAPS

Following DEQ's review of all material in the site file, there are several pieces of information that are needed to complete this Voluntary Preliminary Assessment.

Paco Pumps has been operating at its present location since the mid-1960s, but there is no information in the file regarding waste management practices prior to Flow Technologies' acquisition of the company in the late 1980s. Additionally, there is no information about site activities before Paco moved to this location. The source of PCBs in soils along the west side of the building is not known.

- 2. The railroad runs very close to the building's west wall. What is the dividing line between the railroad property and Paco's property, and whose soil contains the PCBs?
- 3. PCB contamination on the west side of the building is not well characterized. Sampling from 1987 and 1995 showed PCBs to be present in almost all locations tested, and many of the samples analyzed were composites made up of multiple individual sample locations, which makes it impossible to determine the locations of discrete "hot spots."

9. CONCLUSIONS

Site Actions Considered Adequate. Paco's 1995 internal upgrades appear to have eliminated the potential for ongoing facility operations to contaminate the environment. In addition, this work demonstrated that the former wash sumps did not leak and did not cause any contamination. DEQ is satisfied with the soil cleanup that occurred within the building after removal of the cracked concrete floor, since a contaminated stockpile sample contained no PCBs or metals, and confirmation sampling showed residual hydrocarbon levels to be insignificant. Finally, my October 18, 1995 site visit did not raise any additional environmental concerns about the facility, including the area where sandblasting occurred until 1992 - since this material had accumulated on a sheltered and paved surface, tested low for TCLP metals, and has been completely removed from the site.

DEQ is satisfied with the 1987 removal of five drums of hydrocarbon-containing soil and debris from the former release area. There is no record of original TPH testing in this area; however, Earth Tech's 1995 borings demonstrated that residual hydrocarbons are below levels of concern. Normally, DEQ requires constituent analysis (i.e., solvents and semi-volatiles) in evaluating the adequacy of hydrocarbon cleanups. However, in this case, due to the small size of the spill area and the reported source of contamination (lubricating oils), there is no reason to believe that volatile or semi-volatile components at levels of concern would have been mixed in with the oils and greases that Pegasus removed in 1987.

PCB Issues

Applicable Soil Cleanup Standards. Oregon's Soil Cleanup Standard for PCBs, contained in Oregon Administrative Rules 340-122-045/046, is 0.08 ppm, which is based on the excess cancer risk that incidental soil ingestion would create in humans. For a "simple" site, i.e., one in which there is only one principal contaminant and groundwater has not been affected, DEQ would consider cleanup to this level to be unconditionally protective of human health and the environment. It is possible to obtain DEQ's signoff for sites at which higher concentrations of PCB are left in soils; however, this generally requires the owner/operator to demonstrate that such levels are protective, and in such cases DEQ's signoff might also include conditions such as a deed restriction. For example, DEQ may accept the 0.7 ppm "industrial maximum" cleanup level at a bona-fide industrial site, if leachate (TCLP) tests show PCBs at 0.002 mg/L or less, and the owner/operator is willing to accept a deed restriction indicating that the property must

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remain in industrial use.

PCBs Along West Property Boundary. Shallow soil sampling conducted by Pegasus and Earth Tech has documented the presence of PCB 1260 and 1254 both north and south of the 1987 excavation, at concentrations exceeding Oregon's Soil Cleanup Standards. These sampling investigations have not defined the extent and magnitude of PCB contamination in this area. Therefore, in order for DEQ to consider a "no further action" status for the site, DEQ will need more information on the extent, magnitude, and possible source(s) of PCB contamination along northern half of the building's west side. Once this information is obtained, it is possible that DEQ would require additional soil investigation or cleanup to meet Oregon's Soil Cleanup Standards.

Confirmed Release List and Inventory. DEQ maintains a Confirmed Release List (CRL) of sites on which a release of hazardous substances has been documented. CRL-listed sites with a completed Preliminary Assessment concluding that further action is needed are also added to the Confirmed Release Inventory. Paco Pumps is on neither list. Based on the levels of PCBs reported at this site, DEQ may propose that this site be added to both the CRL and the Inventory. (Owners and operators are notified whenever DEQ proposes a site for either list, and are given an opportunity to comment on the proposal before any final listing action is taken.)

ENVIRONMENTAL CLEANUP SITE INFORMATION SITE SUMMARY REPORT

April 03, 1996 05:04 pm

SITE ID: 146

CERCLIS NO: SITE NAME: Paco Pumps

ADDRESS:

2551 NW 30th AVE Portland 97210

COUNTY:

MULTNOMAH

REGION: NWR

INVG STATUS: SUS

LATITUDE:

NPL SITE: N

ORPHAN SITE: N

TAX LOTS:

STUDY AREA: N

PROPERTY:

TWNSHP/RANGE/SECT: 1N, 1E, 29

45 deg. 32'27"

LONGITUDE: 122 deg.42'39"

SITE SIZE: 1.3 acres

STUDY AREAS:

STUDY ID

STUDY NAME

INVG STATUS

1544 Lower Willamette River Basin Study Area (LWRBSA)

XCN

FACILITIES:

NAME: Paco Pumps

COMMENTS: Industrial pump assembly, rental, and repair

YEARS OF OPERATION: mid 1960s to present

SIC CODES: 3561, 5084, 7699,

OPERATING STATUS: Active

HAZARDOUS SUBSTANCES/WASTE TYPES:

PCBs, petroleum hyrocarbons.

MANNER AND TIME OF RELEASE:

Release of oil-range hydrocarbons occurred prior to 1987 via a small-diameter PVC pipe that discharged a water and oil mixture from a pit that was used to test new pumps. The source and manner of release of PCBs are not known.

CONTAMINATION INFORMATION:

Site evaluation and remediation work initiated by Paco Pumps in 1987 turned up oil-range hydrocarbons and PCBs, at low levels, in soils along the back (west) side of the building. Paco accepted responsibility for the oil & grease, since a test-pit discharge pipe had discharged oil-contaminated water to the ground in this area. However, the company attributed the presence of PCBs to the rail lines that run along the back of the building. 1995 investigations at the site showed that PCBs above Oregon Soil Cleanup Standards remain along the west wall of the building, although generally at low levels. The highest level of petroleum hydrocarbons in this area appear to be associated with the rail right

SITE ID: 146 Paco Pumps

SITE SUMMARY REPORT

of way.

IIDUADDOMA	G
HAZARDOUS	SUBSTANCES

SUBSTANCE	RELEASE AREAS	COMMENTS
OIL - LUBRICATING		Date released: prior to 1987 Quantity Released: unk. Data Source: Earth Tech 8/9/95 report General Comments: Sample result from 7/95 confirmation sampling in area of 1987 removal
PCB 1254 ()		Date released: Unknown Quantity Released: Unknown
PCB 1260		Date released: Unknown Quantity Released: Unknown

SUBSTANCE CONTAMINATION

SUBSTANCE	MEDIA CONTAMINATED	CONCENTRATION LEVEL	EVIDENCE	OBSERV. DATE
OIL - LUBRICATING	Soil	30 ppm	Laboratory Data	20-JUL-95
PCB 1254	Soil Soil	15 ppm 1.3 ppm	Laboratory Data Laboratory Data	11-SEP-87 20-JUL-95
PCB 1260	Soil	1.2 ppm	Laboratory Data	31-DEC-87

MEDIA CONTAMINATION COMMENTS:

Soil only.

STATUS OF INVESTIGATIVE OR REMEDIAL ACTION:

Beginning 8/87, Paco Pumps removed a small area of petroleum-contaminated soil beneath the PVC pipe outfall and adjacent to the rail line that runs along the west side of the building. The removal was not well documented, and there is no evidence that the contractor, Pegasus Waste Mgmt., collected confirmation samples. In addition, there was confusion over the source of PCBs in soil, since Paco has claimed that it never used PCBs in its operation. In May 1995,

SITE ID: 146 Paco Pumps

COMMENT:

SITE SUMMARY REPORT

Paco hired Earth Tech to document past activities and determine if any further remediation were needed. Earth Tech sampled soils along the west side of the building and confirmed that the 1987 cleanup was successful in removing petroleum contamination, but this sampling also showed PCBs still present at low concentrations in the area. Paco joined the Voluntary Cleanup Program via a voluntary PA letter agreement 9/95; file review memo completed 11/95, with the conclusion that further investigation of PCB contamination would be needed in order for DEQ to consider a "no further action" status for the site. Based on this conclusion, the RP decided not to proceed with further investigation, and the VCP agreement was terminated 12/31/95.

INVES	TIGATIVE, REMI	EDIAL, AND ADM	MINISTRATIVE ACTIONS			20.000
ACTION	START DATE	DATE	RESP. STAFF	AGENCY CODE	REGION	PROGRAM
Site added to database	12-MAY-88		Michael Zollitsch	DEQ	HQ	SAS
Responsible party notified re 11/88 Inventory listing	30-NOV-88			DEQ	HQ	SAS
Site Screening recommended (EV)	12-FEB-94	12-FEB-94	Dan Crouse	DEQ	HQ	SAS
SITE EVALUATION PA Priority for Further COMMENTS: State screening	16-MAY-95 Action: LOW	31-AUG-95	Gil Wistar	DEQ	NM	SAS
etter Agreement	11-SEP-95	31-DEC-95	Gil Wistar	DEQ	NW	SAS
		ACTIVE PROJEC	TS			
PRODECT	OJECT AME					
2751 Paco Pumps Inc.						

SITE ID:

146

Paco Pumps

SITE SUMMARY REPORT _

SITE CONTACT:

ASSOCIATED PARTIES NAME AND ADDRESS

AFFILIATION

AFFILIATION STATUS

INFORMATION AS OF DATE

John Lilla

NEWFLO Corp. 301 Camp Craft Rd., #100 Austin, TX 78746 (512) 314-8522()

Legal Owner

28-NOV-95

COMMENTS:

Jerry Ross Paco Pumps PO Box 4285 Portland, OR 97208 503 224 6330() COMMENTS:

Facility Operator

28-NOV-95

OWNERSHIP COMMENTS:

Paco Pumps is owned by Flow Technologies, Inc., which in turn is a wholly-owned subsidiary of NEWFLO Corp. (Austin, TX).

DATA SOURCES:

Past practice files contained in ECSI #146; cleanup documentation prepared by Pegasus Environmental Services in 1987; review of cleanup activity and report on confirmation sampling from Earth Tech, 1995.

LAST UPDATED BY: gmw

DATE: 03-APR-96

(site report.rpt)

December 19, 1995

Mr. Gil Wistar
Department of Environmental Quality
Northwest Region
2020 SW Fourth Avenue
Suite 400
Portland, Oregon 97201-4987

Subject:

Paco Pumps, Inc. Portland, Oregon ESCI # 146

Dear Mr. Wistar:

I have received and reviewed your correspondence dated November 28, 1995. On behalf of the client and the consultant I should report that we are somewhat disappointed in the agency's position to not issue a "No Further Action" to this project. As reported our resample of E-S-1-12" and ESN-12" tested non-detect and 0.09 Parts per million (ppm) polychlorinated biphenyl (PCB) from the floor of the prior excavation. The area of surface stained is clearly visible in the photographs from the 1987 clean-up. Our samples, which were also tested for total petroleum hydrocarbons (TPH), from the area of the excavation, are reported to be acceptable to the agency.

The upgradient samples which test at 0.17ppm, 1.3 ppm, and 0.45 ppm PCB are above state action levels. These samples were taken from locations clearly upgradient from the area which was subjected to the discharge from Paco Pump.

The client has conducted numerous test of the wash water for PCB. None have been detected. A sample from the contaminated soil stock pile removed from the pump wash area also tested non-detect for PCB. An extensive review of our operations do not identify a potential source of PCB contamination.

The presence of TPH and low levels of Aroclor 1254 and 1260 in the upgradient samples tested on July 20, 1995 do support an upgradient contamination source. The samples were composite in nature to explore a wider area of surface soils. Two samples N-C-6" and C-C-6" were each composites of and area of approximately 50 square feet. A source sample, "Surface 6"" was a discreet point source sample. We believe taking the samples slightly below the surface eliminates sample exposure to rainfall and sunlight, both of which could reduce the contamination level. In addition, prior contamination was detected in the subsurface between 6 and 12 inches. Our upgradient samples were thus approximately taken from that level in an effort to reproduce the results from previous data.

With reference to Section 8 of the November 28, 1995 correspondence and specifically "Data Gaps", we offer the following:

Telephone

713.869.3330

Facsimile

713.869.5439:

- All available information concerning Paco's waste management practice and prior site activities
 have been reported. We believe our data demonstrated that Paco is not the source of PCB
 contamination along the west side of the building.
 - At present the location of the Paco property line is not known. We will secure a survey locating
 the property line and forward this information, under a separate correspondence, when it is
 available.
 - 3. I have attached a copy of the laboratory results Braun Intertec listing the detection limits of PCB as 0.05 ppm. The report also list the concentrations of various Aroclor products tested from the July 20, 1995 sample event. Two samples from the upgradient were composites to investigate a wide area for uniform contamination. One upgradient sample was a point source sample. Within reason, the sample results suggest very low level, uniform, contamination upgradient of the area of excavation by Paco in 1987.

Based on my recent discussion with the client and the agency we believe the following summarizes the status of the issue at this time.

- 1. The agency cannot issue a "No Further Action" status based on existing information.
- 2. The client is reluctant to incur additional expenses to collect additional soil sample data.
- The agency has advised that the client will not be subjected to any fines or penalties should they not pursue this issue.
- 4. The issue is not of a significant priority with the agency at this time.
- The agency will advise the client of any status change in this matter and provide the client with sufficient time to collect and evaluate data should the agency's position change.
- The client will provide the agency a property description delineating the west property boundary.

On the behalf of Paco Pump we thank the agency for their time and assistance in this matter. Should the project status change or you desire additional information, please contact me at your convenience,

Sincerely,

A.J. Kennard, P.E.

Associated

cc: John Lilla Attachments July 21, 1995

Project EAGX-95-0975 Report 08-95-0569

Mr. A. J. Kennard Earth Tech 1111 North Loop West Suite 1111 Houston, Texas 77008

Dear Mr. Kennard:

Re:

Analysis performed on five (5) soil samples received on

July 20, 1995, pursuant to your Letter of Authorization.

Ref:

95-0569-01	7-20-95	12:28 pm	N-C 6"	Paco Pump
95-0569-02	7-20-95	1:15 pm	C-C 6"	Paco Pump
95-0569-03	7-20-95	2:00 pm	Surface 6"	Paco Pump
95-0569-04	7-20-95	2:15 pm	E-S-1 12"	Paco Pump
95-0569-05	7-20-95	1:45 pm	E-N-1 12"	Paco Pump

Method:

PCB's by EPA Method 3540 and 8080.

Total Petroleum Hydrocarbons by EPA Method 418.1.

Analysis:

(Units:	mg/Kg, ppm)	01_	02	-03	04	05_
PCB's		0.17	1.3	0.45	NR	0.09
					<005	
Total P	etroleum Hydrocarbons,	75.	200.	1050.	30.	20.

ND = None Detected

Sincerely,

Jason Dahl Lead Chemist

jd/th:ljc

Thomas Hallquist

Supervisor, Chemistry

Aroclor summary report

į.	=			Arocloi	•		
Sample ID	1016	1221	1232	1242	1248	1254	1260
95-0569-1	< 0.05	< 0.05	<0.05	< 0.05	<0.05	0.17	trace
95-0569-2	<0.05	< 0.05	< 0.05	< 0.05	< 0.05	. 1.3	trace
95-0569-3	< 0.05	< 0.05	< 0.05	< 0.05	< 0.05	trace	0.45
95-0569-4	< 0.05	< 0.05	< 0.05	< 0.05	< 0.05	< 0.05	< 0.05
95-0569 -5	< 0.05	< 0.05	< 0.05	< 0.05	< 0.05	0.09	,<0.05

Units are in PPM, 14 156 CRECCH SHELYTTE

EXHIBIT C

11/30/87

STOCK PURCHASE AGREEMENT

FOR THE STOCK OF

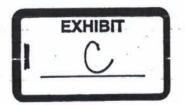
PACO PUMPS, INC.

DATED AS OF NOVEMBER 30, 1987

BETWEEN

AMSTED INDUSTRIES INCORPORATED, SELLER AND

PACO HOLDINGS, INC., PURCHASER



STOCK PURCHASE AGREEMENT

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6.16	Support Agreement

STOCK PURCHASE AGREEMENT

This Stock Purchase Agreement (this "Agreement") is entered into as of November 30, 1987 by and between AMSTED Industries Incorporated, a Delaware corporation, whose principal place of business is 205 N. Michigan Avenue-44th Floor, Chicago, Illinois, 60601 ("AMSTED"), and PACO Holdings, Inc., a Delaware corporation, whose principal place of business is c/o The Jordan Company, 315 Park Avenue South, New York, New York, 10110 ("Purchaser").

WITNESSETH:

WHEREAS, Purchaser desires to purchase from AMSTED and AMSTED desires to sell to Purchaser, all of the stock ("PACO Stock") of PACO Pumps, Inc., a Delaware corporation, whose principal place of business is 845 92nd Avenue, Oakland, California 94604 ("PACO"), all subject to and upon the terms and conditions set forth below.

NOW, THEREFORE, it is hereby agreed as follows:

PURCHASE PRICE AND METHOD OF PAYMENT

1.1 Purchase Price. In payment for the PACO Stock, Purchaser agrees to pay to AMSTED, and AMSTED agrees to accept, an amount (herein called the "Purchase Price") equal to the Net Book Value of PACO (as defined herein) at Closing which is illustrated as of September 30, 1987 in Schedule 1.1(a). "Net Book Value of PACO" as used herein shall mean the net assets of PACO determined in a manner consistent with the illustration of Net Book Value of PACO in Schedule 1.1(a). The determination of the Net Book Value of PACO shall be prepared in a manner

consistent with the Financial Statements in Schedule 4.4 except that it will (a) exclude all of the following: (i) cash and prepaid insurance, (ii) the allowance for uncollected accounts receivable, (iii) the reserves for the "Retained Liabilities" assumed by AMSTED pursuant to Subsection 6.9(b) hereof and (iv) the reserves for all local, state and federal income tax balances as of the Closing Date, and (b) include (i) accruals for all product warranties and other liabilities assumed by Purchaser hereunder, as of the Closing Date and, (ii) accruals for compensation, vacation, health and other benefits, welfare plans and other employees related expenses assumed by Purchaser hereunder. The Purchase Price shall be paid as follows: (a) the number of full shares of 9% Convertible Preferred Stock, Series A of PACO described in Schedule 1.1(b) (the "Series A Shares") needed so that the redemption price thereof equals 3/18 of the Net Book Value of PACO, but not less than 29,170 shares; plus (b) the difference between the aggregate redemption price above and the Net Book Value of PACO shall be paid in cash as provided by Section 1.2 hereof. The Purchase Price shall be subject to final settlement as provided in Section 1.3 of this Agreement.

provided in Section 1.3 of this Agreement, on the Closing Date, Purchaser shall pay the cash portion of the Purchase Price, \$15,361,700, by wire transfer in immediately available federal funds to AMSTED at First National Bank of Chicago, Chicago, Illinois, Account No. 51-18085 and shall deliver to AMSTED certificates for the 30,723 fully paid and nonassessable shares

of Series A Shares being delivered as a portion of the Purchase Price.

The Purchase Price set forth in 1.3 Final Statement. Section 1.1 hereof shall be subject to adjustment based upon the difference between the Net Book Value of PACO as of September 30, 1987 and the Net Book Value of PACO as of Closing determined in a manner consistent with the accounting principles used for the determination of the Net Book Value of PACO as of September 30, 1987 pursuant to Section 1.1 ("Final Purchase Price Adjustment"). AMSTED shall deliver a schedule setting forth the calculation of the Final Purchase Price Adjustment (the "Final Statement") to Purchaser within forty-five (45) days after the Closing or ten (10) days after the completion of any audit or physical inventory, whichever is later. Such Final Statement will be based, as to inventory, on a physical inventory conducted by Purchaser and, as to other matters, on any financial audit by public accountants requested by Purchaser, both of which shall be at Purchaser's sole expense (at which AMSTED may have representatives present) beginning on the day immediately following the Closing. Except for physical inventory and audit costs, AMSTED and Purchaser shall share equally all out-of-pocket costs and expenses in connection with the preparation of the Final Statement. The parties shall cooperate in the preparation of the Final Statement. In the event Purchaser shall fail to agree with the Final Statement, Purchaser shall so notify AMSTED in writing within thirty (30) days after receipt, and if, after come to fail parties the discussion,

Statement to Price Waterhouse. The review and revision (if appropriate) of the disputed part of the Final Statement by Price Waterhouse shall be completed within thirty (30) days after submission and shall be conclusive on the issue of the values as shown therein and binding upon the parties with no further recourse. Within ten (10) days after agreement or other resolution regarding the Final Statement, or any part thereof, the amount of the adjustment, if any, shall be paid in the manner described in Section 1.4. The cost of any review of the Final Statement by Price Waterhouse as herein described shall be borne equally by AMSTED and Purchaser.

- 1.4 <u>Settlement</u>. Upon agreement of the parties as to the Final Statement, or upon resolution of any disputes as to the Final Statement by Price Waterhouse as provided in Section 1.3, either of the following adjustments shall be made:
- (a) in the event the Final Purchase Price Adjustment indicates that the Net Book Value of PACO is greater at Closing than at September 30, 1987, Purchaser shall pay, without offset or counterclaim, and deliver to AMSTED, within ten (10) days following agreement on or resolution of the Final Statement, an amount equal to the Final Purchase Price Adjustment payable as follows: (i) the number of fully paid and nonassessable shares of Series A Shares needed so that the redemption price thereof equals 3/18 of the Final Purchase Price Adjustment, plus (ii) the difference between such redemption price and the Final Purchase Price Adjustment plus interest on such difference equal

to 2% over the corporate base interest rate announced by the First National Bank of Chicago at the time payment is due ("Interest Charge") shall be paid in cash; or

(b) in the event the Final Purchase Price Adjustment indicates that the Net Book Value of PACO is greater at September 30, 1987 than at Closing, AMSTED shall pay, without offset or counterclaim, and deliver to Purchaser, within ten (10) days following agreement on or resolution of the Final Statement an amount equal to the Final Purchase Price Adjustment payable as follows: (i) the number of fully paid and nonassessable shares of Series A Shares needed so that the redemption price thereof equals 3/18 of the Final Purchase Price Adjustment (except that in no event shall AMSTED be left with less than 29,170 shares after delivery hereunder), plus (ii) the difference between such redemption price above and the Final Purchase Price Adjustment plus the Interest Charge shall be paid in cash.

Any cash payments by Purchaser or AMSTED as aforesaid shall be made by wire transfer of immediately available federal funds.

2. CLOSING

2.1 Closing Date. The consummation of the transactions provided for in this Agreement shall be held at 9:00 a.m. local time on Friday, December 18, 1987 at the executive offices of AMSTED, 205 N. Michigan Avenue-44th Floor, Chicago, Illinois, or such other time or place as may be mutually agreed upon with five (5) days notice in writing by AMSTED and Purchaser (the "Closing Date") but in no event later than January 29, 1988. The

of business on the Closing Date. Such consummation is herein referred to as the "Closing". Each party agrees to use its best efforts to satisfy promptly the conditions to the obligations of both parties in order to expedite the Closing.

- 2.2 Actions to be Taken at the Closing. Subject to the conditions set forth herein, AMSTED shall sell, transfer and deliver the PACO Stock to Purchaser, and Purchaser shall purchase the PACO Stock from AMSTED. In connection therewith:
- (a) AMSTED shall deliver to Purchaser (i) the certificate(s) representing the PACO Stock, duly endorsed in blank, or accompanied by a stock power or powers duly executed to the order of Purchaser, and (ii) all opinions, certificates and other instruments and documents required to be delivered to Purchaser at the Closing pursuant to this Agreement;
- (b) Purchaser shall deliver to AMSTED (i) the certificate(s) representing the Series A Shares, duly endorsed in blank or accompanied by a stock power or powers duly executed to the order of AMSTED, and (ii) all opinions, certificates and other instruments and documents required to be delivered to AMSTED at the Closing pursuant to this Agreement; and
- (c) the Purchase Price shall be paid as provided in Section 1.2 hereof.

EMPLOYEE BENEFITS AND LABOR MATTERS

- 3.1 Non-Bargaining Unit Employees.
- (a) Schedule 3.1(a) lists the pension benefit plans ("AMSTED Plans"), as defined in Section 3(2) of the Employee

Retirement Income Security Act of 1974, as amended, ("ERISA"), covering hourly and salaried employees of PACO who are not members of a collective bargaining unit ("non-bargaining unit employees"). True and correct copies of all such plans have been AMSTED represents and warrants to furnished to Purchaser. Purchaser that, to the knowledge of AMSTED, each of such plans is and has been operated in all material respects in compliance with ERISA. Effective as of the Closing Date, AMSTED and PACO shall take such action as may be appropriate for AMSTED to adopt, substitute itself as sponsor of the AMSTED Plans in place of PACO, and to provide that PACO shall no longer be a participating employer under any such plans. AMSTED shall remain liable for all benefits payable under the AMSTED Plans with respect to non-bargaining unit employees and agrees to indemnify and hold Purchaser and PACO harmless with respect to any claims for benefits under such plans. AMSTED shall not transfer any assets from the AMSTED Plans to Purchaser or PACO or any plan sponsored by either.

- (b) Schedule 3.1(b) lists all welfare plans, as defined in Section 3(1) of ERISA, covering persons employed, retirees and other persons formerly employed at PACO in non-bargaining unit positions. True and correct copies of all such plans have been furnished to Purchaser.
 - 3.2 Bargaining Unit Employees.
 - (a) PACO is a party to a collective bargaining agreement with the International Association of Machinists and Aerospace workers ("IAM"), effective June 1, 1986, a true and correct copy

of which has been furnished to Purchaser ("Collective Bargaining Agreement"). Purchaser agrees and undertakes to assume the Collective Bargaining Agreement and all of the obligations thereunder without modification.

- (b) Article XV of the Collective Bargaining Agreement requires PACO to be and remain a contributing employer in the IAM National Pension Fund ("IAMNPF"), a multi-employer pension plan, true and correct copies of which plan have been furnished to Purchaser. With respect to IAMNPF, Purchaser agrees to indemnify and hold AMSTED harmless from any claim for withdrawal or partial withdrawal liability asserted against AMSTED as a result of the transaction contemplated by this Agreement or any action of Purchaser or PACO on or after the Closing Date.
- Section 3(1) of ERISA covering employees, retirees and other persons formerly in the collective bargaining unit represented by the IAM. True and correct copies of all such plans have been furnished to Purchaser. For the duration of, and as required by, the Collective Bargaining Agreement unless amended in accordance with its terms after the Closing Date, Purchaser agrees to continue in effect or to make available, effective as of the Closing Date, with immediate eligibility, to all such persons (including such employees on layoff, leave of absence and short or long term disability) welfare plans with coverage, benefits and other conditions that are provided in the Collective Bargaining Agreement. All benefits paid after the Closing Date under such coverage shall be at Purchaser's cost,

except AMSTED shall assume PACO's obligation, if any, to continue the welfare benefits program as in effect on the Closing Date or prior thereto for all eligible retirees formerly employed at PACO in the collective bargaining unit represented by the IAM and their eligible dependents who have retired prior to the Closing Date. AMSTED shall have no obligation whatsoever if the Purchaser elects to terminate or modify any of the coverage, benefits or other conditions thereafter. Subject to the foregoing, Purchaser and PACO agree to indemnify and hold AMSTED harmless with respect to any claims for benefits under Purchaser's plans. AMSTED agrees to indemnify and hold Purchaser and PACO harmless with respect to any claims of PACO assumed by AMSTED in this Section 3.2.

of the Closing Date, Purchaser shall not, as of the Closing Date, reduce the salaries, wages, retirement benefits, welfare benefits and other conditions of employment of PACO's non-bargaining employees taken as a whole and shall, as of the Closing Date, offer employment with salaries, wages, retirement benefits, welfare benefits and other conditions of employment at a comparable cost to PACO as the current salaries, wages, retirement benefits, welfare benefits, welfare benefits and other conditions of employment (as the case may be) to all active non-bargaining employees of PACO (including employees on leave of absence and short or long term disability), retain a list of employees on layoff and offer recall to such employees when openings occur in accordance with applicable PACO policies and rules in effect at

the Closing Date; provided, however, that this Section 3.3 shall not restrict PACO from making any reductions or changes after the Closing Date and shall not be construed as an employment contract for such employees, and nothing herein shall be deemed to limit the right of the Purchaser, after the Closing Date, to adjust compensation based on cause or performance or otherwise manage PACO's employees at its discretion, and nothing herein shall be deemed to offer full or any other employment to employees on leave of absence and short or long term disability, except as expressly provided above. All benefits paid under or pursuant to this Section after the Closing Date shall be at Purchaser's cost; except that AMSTED shall assume PACO's obligation, if any, to continue the welfare benefits program as in effect on the Closing Date for all eligible retirees formerly employed at PACO in nonbargaining positions and their eligible dependents who have retired prior to the Closing Date. AMSTED shall have no obligation whatsoever if Purchaser elects to terminate or modify any of the coverage, benefits or other conditions thereafter. Subject to the foregoing, Purchaser and PACO agree to indemnify and hold AMSTED harmless with respect to any claims for benefits under Purchaser's plans. AMSTED agrees to indemnify and hold Purchaser and PACO harmless with respect to any claims of PACO assumed by AMSTED under this Section 3.3.

3.4 <u>Labor Disputes</u>. Except as set forth in Schedule 3.4, there are no strikes, threatened or pending arbitration or unfair labor practices, labor disputes or labor stoppages by employees of PACO to the knowledge of AMSTED.

- 3.5 Other Employee Matters.
- (a) To the knowledge of AMSTED, Schedule 3.5(a) lists all agreements, arrangements, manuals, conditions of employment, plans, rules and other policies, written or oral, relating to the officers and employees of PACO, and their employment by PACO, that have not been previously listed in the Schedules referred in this Article 3. True and correct copies of all such written policies have been provided to Purchaser, and true and correct descriptions of all such oral policies are set forth in Schedule 3.5(a). To the knowledge of AMSTED, PACO has complied with all such policies, and the other agreements, arrangements, manuals, conditions, plans and other policies listed in the Schedules laws, rules and referred to in this Article 3, and all regulations relating to the employment of labor, including provisions relating to wages, hours, equal opportunity, collective bargaining and the payment of all social security and other taxes. To the knowledge of AMSTED, and other than as disclosed in the Schedules referred to in this Article 3, PACO is not limited, whether by agreement, manuals, conditions of employment, plans, rules and other policies, in any material respect, in managing and dealing with its employees, including the promotion, demotion, reassignment or termination thereof.
 - (b) Schedule 3.5(b) lists all officers and non-bargaining employees of PACO whose aggregate compensation, including benefits, for 1987, on an annualized basis, is expected to exceed \$25,000. Schedule 3.5(b) lists such individuals by name, aggregate compensation, position and primary location of employment.

4. REPRESENTATIONS AND WARRANTIES OF AMSTED

As an inducement to Purchaser to enter into this Agreement and to consummate the transactions contemplated herein, AMSTED represents and warrants to Purchaser as of the date of this Agreement and as of the Closing Date as follows:

- 4.1 Organization and Good Standing. PACO is a corporation duly organized, validly existing and in good standing under the laws of Delaware and has the corporate power and authority to own, lease and operate the properties used in its business and to carry on its business as now being conducted. PACO is duly qualified to do business and is in good standing as a foreign corporation in each jurisdiction where such qualification is required, except in those jurisdictions where the failure to be so qualified would not have a materially adverse effect on the business, operations or financial condition of PACO. Such jurisdictions are listed in Schedule 4.1. AMSTED has heretofore delivered to Purchaser complete and correct copies of the Certificate of Incorporation and By-Laws, as currently in effect, of PACO, copies of which are included in Schedule 4.1.
 - 4.2 <u>Capitalization</u>. The authorized capital stock of PACO consists of 10,000 shares of Common Stock, all of which are issued and outstanding and owned by AMSTED as of the date hereof. All outstanding shares of PACO Stock have been validly authorized and issued, and are fully paid and nonassessable. Other than this Agreement, there is no subscription, option, warrant, call, right agreement or commitment relating to the issuance, sale, delivery or transfer by PACO or AMSTED or its subsidiaries

(including any right of conversion or exchange under any outstanding security or other instrument) of PACO Stock. Upon consummation of the transactions contemplated hereby, Purchaser will acquire good title to the PACO Stock free and clear of all pledges, security interests, liens, charges, encumbrances, claims and options of whatever nature arising prior to or as of the Closing, except for those arising from the actions of Purchaser.

4.3 Corporate Authority. The execution, delivery and performance of this Agreement (and all other agreements, instruments, certificates and actions by AMSTED contemplated hereby) by AMSTED have been duly authorized by all necessary corporate actions of AMSTED. This Agreement (and all other agreements, instruments, certificates and actions by AMSTED contemplated hereby) have been duly executed and delivered by AMSTED and constitute the valid and binding agreement of AMSTED Neither the enforceable in accordance with their terms. execution nor the delivery of this Agreement nor the consummation of the transactions contemplated herein nor compliance with nor fulfillment of the terms and provisions hereof will (a) conflict with or result in a breach of the terms, conditions or provisions of or constitute a default under the Certificate of Incorporation or By-Laws of AMSTED or PACO, any instrument, agreement, mortgage, judgment, order, award, decree or other restriction to which AMSTED or PACO is a party or by which it is bound, or (b) with respect to AMSTED or PACO, requires the approval, consent or authorization of any federal, state or local court, governmental authority or regulatory body except for the requirements, if applicable, of the Hart-Scott-Rodino Anti-Trust Improvements Act of 1976 ("HSR Act").

- 4.4 Financial Statements. Set forth on Schedule 4.4 hereto is financial information of PACO (the "Financial Statements") including balance sheets at September 30, 1986 and 1987, statements of operations for the years ended September 30, 1986 and 1987 and statements of changes in financial position for the The Financial years ended September 30, 1986 and 1987. Statements and the statements of Net Book Value pursuant to Sections 1.1 and 1.3 fairly present the consolidated assets and liabilities, results of operations and changes in financial position of PACO in conformity with generally accepted accounting principles applied on a consistent basis except (a) as indicated in the notes thereto, (b) the exclusion of Baltimore Aircoil Company, Inc. ("BAC") and AMSTED administrative expenses, (c) all leases are reflected as operating leases, not capitalized leases, (d) expenses under the AMSTED Employees' Stock Ownership Plan are limited to approximately 5% of covered compensation, and (e) the determination of the Net Book Value of PACO is made in accordance with the exception noted in Section 1.1. All accruals have been made in good faith in accordance with generally accepted accounting principles.
 - 4.5 Absence of Undisclosed Liabilities. To the knowledge of AMSTED, (i) except as and to the extent accrued for in the determination of the Net Book Value of PACO and either disclosed in Schedule 4.5 or as reflected or provided for in the Financial Statements, and (ii) except for liabilities arising in the

ordinary course of business since September 30, 1987 (none of which is in excess of \$35,000 or is a liability for breach or noncompliance of contract, breach of warranty, tort, infringement, claim or lawsuit), PACO does not have any obligations or liabilities (whether absolute, accrued, contingent, liquidated or otherwise) in excess of \$35,000 arising out of transactions entered into or circumstances existing prior to the Closing, and there is no basis for the foregoing.

4.6 Absence of Certain Changes or Events. To the knowledge of AMSTED, since September 30, 1987, and except as otherwise expressly contemplated by this Agreement, the business of PACO ("Business") has been operated only in the ordinary course of business, and, except as disclosed in Schedule 4.6, there has not been any material adverse change (not related to general economic or industry conditions) due to the action or inaction of PACO in the businesses, financial condition, operating results, assets, employee relations, customer, supplier or franchise relations or business prospects of the Business other than changes occurring in the ordinary course of business, which changes, in the aggregate, have not been materially adverse to the Business, provided that the loss of business or customers, if any, resulting from customer reaction to the transactions contemplated in this Agreement or to Purchaser shall not be deemed a material adverse change for purposes of this Section 4.6. To the knowledge of AMSTED, except as set forth in Schedule 4.6, since September 30, 1987, PACO has not (a) borrowed any amount or incurred or become subject to any material liabilities,

except (i) current liabilities incurred in the ordinary course of business and (ii) liabilities under contracts entered into in the ordinary course of business, (b) discharged or satisfied any material lien or encumbrance or paid any material liability, other than current liabilities paid in the ordinary course of business, (c) mortgaged, pledged or subjected to any lien, charge or any other encumbrance, any material portion of PACO's assets, except liens for current property taxes not yet due and payable, (d) except in the ordinary course of business, sold, assigned or transferred (including without limitation transfers to AMSTED or to any division, affiliate or subsidiary of AMSTED) any portion of PACO's assets or cancelled any debts or claims, (e) sold, assigned or transferred (including without limitation transfers to AMSTED or to any division, affiliate or subsidiary of AMSTED) any patents, trademarks, trade names, copyrights, trade secrets or other intangible assets, or disclosed any proprietary confidential information to any person, except for confidential information given to prospective purchasers of PACO Stock, (f) entered into any other transaction other than in the ordinary any other business or entered into course of transactions, whether or not in the ordinary course of business; and (g) suffered any theft, damage, destruction or casualty loss, in excess of \$50,000, to its assets, whether or not covered by insurance.

4.7 <u>Title</u>. Except as disclosed in Schedule 4.7 or as otherwise contemplated by this Agreement, PACO has good title to all of the properties and assets which it purports to own, or

which are material to the business, operations or financial condition of PACO, or which are reflected in the Financial Statements (other than those which have been disposed of since the date thereof in the ordinary course of business), free and clear of all mortgages, liens, security interests, claims, charges or other encumbrances. To the knowledge of AMSTED, and except as disclosed in the Schedules to this Agreement, PACO is not in violation of any applicable zoning ordinance or other law, regulation or requirement relating to the operation of owned or leased properties, including without limitation applicable environmental protection and occupational health and safety laws and regulations. To the knowledge of AMSTED, neither AMSTED nor PACO has received any notice of any such violation, or of the existence of any condemnation proceeding with respect to any properties owned or leased by PACO, within the one (1) year prior to the date hereof.

4.8 Patents, Trademarks and Copyrights. Set forth on Schedule 4.8 is a list of all United States and foreign patents, trademark registrations, copyright registrations, applications for the foregoing, if any, and licenses and other agreements related to the foregoing, if any, which are owned by and material to the conduct of the business of PACO. AMSTED makes no representation or warranty with respect to (i) the validity of any patent, trademark registration or copyright registration listed on Schedule 4.8, or of any patent, trademark registration or copyright registration to copyright registration issuing from any application so listed or (ii) the freedom from infringement of any third party patents,

product by PACO. Except as indicated on Schedule 4.8, PACO owns and possesses all right, title and interest in and to the U.S. proprietary rights set forth therein. To the knowledge of AMSTED, the transactions contemplated by this Agreement will have no material adverse effect on PACO's right, title and interest in and to any of the U.S. proprietary rights set forth on Schedule 4.8. To the knowledge of AMSTED, neither AMSTED nor PACO has received any notices of infringement, misappropriation, or conflict from any third party with respect to the U.S. proprietary rights which are listed in Schedule 4.8, except as indicated thereon.

4.9 Legal Matters.

(a) To the knowledge of AMSTED, Schedule 4.9(a) lists all actions, suits, proceedings, orders, or investigations pending, or threatened against PACO or its properties, all product warranty claims (other than those involving only repairs, customer credits or replacements in the ordinary course of business) and all liabilities covered by Section 4.5 (collectively, "Retained Liabilities"), other than those under the Workers' Compensation Laws, which are listed in Schedule 4.9(b), at law or in equity, or before or by any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, and to the knowledge of AMSTED, there is no basis for any of the foregoing.

- (b) Except as set forth on Schedules 4.5, 4.9(a) and 4.9(b), to the knowledge of AMSTED, there is no written claim, proceeding or investigation pending against or relating to PACO with respect to which there is a reasonable likelihood of a determination which would have a materially adverse effect on the financial condition, assets, business or properties of PACO. Except as set forth on Schedule 4.9(a) and 4.9(b), to the knowledge of AMSTED, PACO is not subject to any outstanding judgment, order, writ, injunction or decree which materially and adversely affects the financial condition, assets, current business or properties of PACO.
 - (c) Except as set forth in Schedules 4.9(a), 4.9(b) and 4.16, to the knowledge of AMSTED, the business of PACO is not being conducted in violation of any applicable law, ordinance, code, rule, regulation, decree or order of any court or governmental entity, except for any such violation which would not have a material adverse effect on the financial condition, assets, business or properties of PACO.
 - 4.10 Taxes. AMSTED shall retain liability for all county, local, foreign, state and federal income taxes of PACO for the period ending on the Closing Date (which taxes will be deleted from the Final Statement). AMSTED has paid, or will pay or cause to be paid, all federal, state, county, local and foreign income taxes (including the recapture of any tax items such as investment tax credits), together with all interest, penalties and additions imposed in respect of such amounts that have accrued with respect to the operations of PACO prior to the

Closing Date ("Retained Taxes"). AMSTED shall have all rights, without liability to PACO, to the tax benefits from net operating losses incurred by PACO for the period ending on the Closing Date to the extent such losses are available for utilization by AMSTED under the consolidated return regulations under Section 1502 of the Internal Revenue Code. The determination of the Net Book Value of PACO includes reserves, determined in accordance with GAAP in respect of all sales, payroll and other taxes assumed by Purchaser hereunder. Purchaser shall pay all other taxes which shall be accrued for in the Financial Statements and in the determination of the Net Book Value of PACO.

- 4.11 Brokers. No broker, finder or other person is entitled to any brokerage fees, commissions or finder's fees in connection with the transactions contemplated hereby by reason of any action taken by AMSTED, except for Salomon Brothers Inc whose fee shall be the sole responsibility of AMSTED.
- 4.12 Acquisition of Stock for Investment. AMSTED is acquiring the Series A Shares for investment and not with a view toward, or for sale in connection with, any distribution thereof, nor with any present intention of distributing or selling the Series A Shares. AMSTED agrees that the Series A Shares may and will not be sold, transferred, offered for sale, pledged, hypothecated or otherwise disposed of (i) without registration under the Securities Act of 1933, as amended, except pursuant to an exemption from such registration available under such Act and (ii) except in accordance with any applicable provision of state

securities laws. If Purchaser registers any of its common stock under the Securities Act of 1933, as amended, while any shares of Series A Shares are outstanding, Purchaser shall also register the Series A Shares without cost or charge to AMSTED.

- 4.13 <u>Insurance</u>. To the knowledge of AMSTED, Schedule 4.13 sets forth a complete and accurate list of all policies (including their respective expiration dates) of fire, liability, product liability, workers' compensation and other forms of insurance, other than directors and officers indemnification insurance, presently in effect with respect to the business of PACO. All such policies are valid, outstanding and enforceable.
- 4.14 Warranties. To the knowledge of AMSTED, Schedule 4.14 sets forth a list of all types of current warranties with respect to any products or services currently manufactured, sold, distributed or provided by PACO. To the knowledge of AMSTED, except as set forth in Schedule 4.14, there are no express warranties or implied warranties resulting from policies, practices or courses of conduct which are not followed in the ordinary course of business and are outstanding with respect to any products or services manufactured, sold, distributed or provided by the business of PACO other than warranties implied by the Uniform Commercial Code.
 - 4.15 Contracts and Commitments. To the knowledge of AMSTED, and except as set forth in Schedule 4.15:
 - (a) PACO is not a party to any contract, commitment, arrangement or understanding with respect to the Business which will involve the expenditure by PACO after the Closing Date of

more than \$35,000, individually, and which is not cancellable without penalty or premium by PACO or its successors on ninety (90) days notice or less;

- (b) Subject to obtaining any requisite consents of third parties as specified in Schedule 4.15, the legal enforceability of the contracts, commitments, arrangements and understandings referred to in Section 4.15(a) hereof after the Closing will not be affected in any material manner by the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby;
- (c) No written purchase commitment of PACO, or by which PACO is bound, with respect to the Business is in excess of the normal, ordinary and usual practices of the Business or at a price materially in excess of that which could be obtained from another source of supply;
- (d) PACO is not a party to or bound by, with respect to the Business, (i) any outstanding contracts with officers, employees, agents, consultants, advisors, salesmen, sales representatives, distributors or dealers that are not cancellable by PACO on notice of not longer than ninety (90) days and without liability, penalty or premium, or (ii) any agreements that contain any severance or termination pay, liabilities or obligations;
- (e) PACO has not given any power of attorney (whether revocable or irrevocable) to any person, firm or corporation for any purpose whatsoever relating to the Business;
- (f) PACO is not in default, and there is no basis for any valid claim of default, in any material respect under any

contracts, commitments, arrangements or understandings set forth in Schedule 4.15; and

(g) True and correct copies of all contracts, commitments, arrangements and understandings set forth in Schedule 4.15 have heretofore been delivered or made available by AMSTED to purchaser.

4.16 Environmental Protection.

- (a) Except as set forth in Schedule 4.16, PACO has obtained all permits, licenses and other authorizations which are required with respect to the operation of the Business under federal, state, local and foreign laws relating to pollution or protection of the environment, including laws relating to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes into the environment (including, without limitation, ambient air, surface water, ground water, land surface or subsurface strata) or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes (the "Environmental Laws").
- (b) Except as set forth in Schedule 4.16, PACO is in compliance in all material respects with all terms and conditions of the required permits, licenses and authorizations, and is also in full compliance with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in the Environmental Laws or

contained in any regulations, code, plan, order, decree, judgment, injunction, notice or demand letter issued, entered, promulgated or approved thereunder.

- (c) Except as set forth in Schedule 4.16, there is no civil, criminal or administrative action, suit, demand, claim, hearing, notice of violation, investigation, proceeding, notice or demand letter pending or, to the knowledge of AMSTED, threatened against PACO relating in any way to the Environmental Laws or any regulation, code, plan, order, decree, judgment, injunction, notice or demand letter issued, entered, promulgated or approved thereunder.
- (d). Except as set forth in Schedule 4.16, there are no past present events, conditions, circumstances, activities, practices, incidents, actions or plans which are not in compliance with the Environmental Laws or with any regulation, code, plan, order, decree, judgment, injunction, notice or demand letter issued, entered, promulgated or approved thereunder, or which may give rise to any common law or legal liability, including, without limitation, liability under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA") or similar state or local laws, or otherwise form the basis of any claim, action, demand, suit, proceeding, hearing, notice of violation, study or investigation, based on or related to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling, or the emission, discharge, release or threatened release into the environment, by the Business of any pollutant, contaminant, chemical, or industrial, toxic or hazardous substance or waste.

- (e) AMSTED has employed an environmental engineer to conduct an environmental study of the real estate located in Oakland, California and Portland, Oregon owned by PACO, a copy of which is attached to Schedule 4.16. If that study indicates that any material violation of CERCLA or other Environmental Laws relating to the release of a hazardous substance has occurred on such real estate, AMSTED shall take necessary action to bring the real estate into compliance with CERCLA or other Environmental Laws. Any such action shall be commenced promptly after the study is completed and may be completed after Closing. AMSTED will indemnify and hold Purchaser and PACO harmless with respect to any such material violation.
 - 4.17 Consents. A list and description of all domestic and foreign consents, approvals, authorizations or orders of any governmental agency or other third party necessary for the authorization, execution and delivery by AMSTED or PACO of this Agreement and the other agreements, documents and instruments to be executed and delivered by AMSTED or PACO pursuant hereto and the consummation of the transactions contemplated hereby and thereby by AMSTED or PACO, is set forth in Schedule 4.17. AMSTED will use its best efforts to obtain all such consents prior to Closing.
 - 4.18 Affiliated Transactions. To the knowledge of AMSTED, Schedule 4.18 sets forth a list of all agreements, commitments and understandings currently in effect between PACO, on the one hand, and AMSTED or its subsidiaries, and their respective officers, directors, affiliates and associates, on the other hand.

4.19 <u>Disclosure</u>. To the knowledge of AMSTED, no representation or warranty to Purchaser contained in this Agreement, and no statement contained in any Schedule or any certificate, document or instrument delivered at the Closing by AMSTED or PACO contains any untrue statement of a material fact, or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading.

5. REPRESENTATIONS AND WARRANTIES OF PURCHASER

As an inducement to AMSTED to enter into this Agreement and to consummate the transactions contemplated herein, Purchaser hereby represents and warrants to AMSTED as of the date of this Agreement and as of the Closing Date as follows:

5.1 Organization and Good Standing. Purchaser is a corporation duly organized, validly existing and in good standing under the laws of Delaware and has the corporate power and authority to own, lease and operate the properties used in its business and to carry on its business as now being conducted. Purchaser is duly qualified to do business and is in good standing as a foreign corporation in each jurisdiction where such qualification is required, except in those jurisdictions where the failure to be so qualified would not have a materially adverse effect on the business, operations or financial condition of Purchaser. Such jurisdictions are listed on Schedule 5.1. Purchaser has heretofore delivered to AMSTED complete and correct copies of the Certificate of Incorporation and By-Laws of Purchaser, as currently in effect, copies of which are included in Schedule 5.1.

- 5.2 Capitalization. The authorized capital stock Purchaser consists of 100,000 shares of Common Stock and the authorized capital stock of PACO includes 35,000 authorized shares of Series A Shares and 35,000 authorized shares of Junior Preferred Stock and 100,000 shares of Common Stock. 30,723 plus the number of Series A Shares needed to make the Final Settlement are issued and outstanding and will be owned by Purchaser as of the Closing Date. All such shares of Series A Shares have been validly authorized and issued, and are fully paid and Other than this Agreement, there is no nonassessable. subscription, option, warrant, call, right, agreement or commitment relating to the issuance, sale, delivery or transfer to AMSTED (including any right of conversion or exchange under any outstanding security or other instrument) of any Series A Upon consummation of the transactions contemplated hereby, AMSTED will acquire good title to the Series A Shares free and clear of all pledges, security interest, liens, charges, encumbrances, claims and options of whatever nature arising prior to or as of the Closing, except for those arising by the actions of AMSTED.
 - performance of this Agreement (and all agreements, instruments, certificates and actions by Purchaser contemplated hereby) by Purchaser has been duly authorized by all necessary corporate actions of Purchaser. This Agreement (and all agreements, instruments, certificates and actions by Purchaser contemplated hereby) have been duly executed and delivered by Purchaser and

enforceable in accordance with their terms. Neither the execution nor the delivery of this Agreement nor the consummation of the transactions contemplated herein nor compliance with nor fulfillment of the terms and provisions herein will (a) conflict with or result in a breach of the terms, conditions or provisions or constitute a default under the Certificate of Incorporation or By-Laws of Purchaser, any instrument, agreement, mortgage, judgment order, award, decree or other restriction to which Purchaser is a party or by which it is bound or (b) with respect to Purchaser, requires the approval, consent or authorization of any federal, state or local court, governmental authority or regulatory body, except for applicable requirements of the HSR Act.

- 5.4 Brokers. No broker, finder or other person is entitled to any brokerage fees, commissions or finder's fees in connection with the transactions contemplated hereby by reason of any action taken by Purchaser.
- acquiring the PACO Stock for investment and not with a view toward, or for sale in connection with, any distribution thereof, nor with any present intention of distributing or selling the PACO Stock. Purchaser agrees that the PACO Stock may and will not be sold, transferred, offered for sale, pledged, hypothecated or otherwise disposed of (i) without registration under the Securities Act of 1933, as amended, except pursuant to an exemption from such registration available under such Act and

- (ii) except in accordance with any applicable provision of state securities laws.
- 5.6 Consents. A list and description of all domestic and foreign consents, approvals, authorizations or orders of any governmental agency or other third party necessary for the authorization, execution and delivery by Purchaser of this Agreement and the other agreements, documents and instruments to be executed and delivered by Purchaser pursuant hereto and the consummation of the transactions contemplated hereby and thereby by Purchaser, is set forth in Schedule 5.6.
- 5.7 Disclosure. To knowledge of Purchaser, no representation or warranty to AMSTED contained in this Agreement, and no statement contained in any Schedule or any certificate, document or instrument delivered at the Closing by Purchaser contains any untrue statement of a material fact, or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading.

6. COVENANTS OF THE PARTIES

The parties covenant to take the following actions:

6.1 Access to Information.

(a) Between the date hereof and the Closing Date, AMSTED will cause PACO, during ordinary business hours, (i) to give Purchaser and its authorized representatives reasonable access to all books, records, offices and other facilities and properties of PACO, (ii) to permit Purchaser to make such inspections thereof as Purchaser may reasonably request, and (iii) to cause its officers to furnish Purchaser with such

financial and operating data and other information with respect to the business and properties of PACO as the Purchaser may from time to time reasonably request.

- Agreement shall be held by Purchaser in accordance with and shall be subject to the terms of the Confidentiality Agreement, dated March 16, 1987 between AMSTED and The Jordan Company and Purchaser agrees to assume all obligations thereunder (the "Confidentiality Agreement") a true and correct copy of which is Schedule 6.1(b) hereto, which Confidentiality Agreement is incorporated herein.
- PACO, during ordinary business hours, to give AMSTED, Merck & Co., Inc. and their authorized representatives reasonable access to all personnel, books, records, offices and other facilities and properties of PACO. PACO and Purchaser shall provide, without charge, all personnel, books, records, offices and other facilities of PACO reasonably requested by AMSTED to assist in the handling and defense of all matters assumed by AMSTED pursuant to Subsection 6.9(b) and Sections 6.12 and 6.13, shall fully cooperate with AMSTED, and AMSTED shall pay all charges and expenses paid to third parties related thereto.
- (d) At Closing, AMSTED shall provide Purchaser with a list of all persons receiving confidential information in connection with the possible sale of PACO Stock and shall assign to Purchaser all AMSTED's right, title and interest under any confidentiality agreements with such persons and Purchaser may

take any action, in its discretion and at its sole cost, to enforce such rights.

- 6.2 Expenses. Whether or not the transactions contemplated hereby are consummated, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses.
- 6.3 Preserve Accuracy of Representations and Warranties.

 The parties shall refrain from taking any action which would render any representation or warranty contained in Articles 4 and 5 of this Agreement inaccurate as of the Closing Date.
- on and after the date hereof and prior to the Closing, and except as contemplated by this Agreement, AMSTED will cause PACO to conduct its business only in the ordinary course. Without limiting the generality of the foregoing, subject to the exception set forth in the preceding sentence, AMSTED will not permit PACO to:
- (a) increase the rate or terms of compensation payable or to become payable by PACO to its officers or key employees, except increases occurring in the ordinary course of business in accordance with its customary practices (which shall include normal periodic performance reviews and related compensation and benefit increases);
- (b) enter into any agreement, commitment or transaction (including without limitation any borrowing, capital expenditure or capital financing), material to PACO, except

agreements, commitments or transactions in the ordinary course of business or as contemplated herein; or

- (c) hire any additional employees of PACO, except for one programmer with an annual salary of approximately \$36,000.
- 6.5 Cooperation. Subject to the terms and conditions of this Agreement, each of the parties will use all reasonable efforts to take, or cause to be taken, all action, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the sale and purchase of PACO Stock pursuant to this Agreement.
- 6.6 Filings. If necessary, AMSTED and Purchaser will, promptly after execution of this Agreement, file or cause to be filed, with the Federal Trade Commission (the "FTC") and the Antitrust Division of the United States Department of Justice (the "Department of Justice") pursuant to the HSR Act all requisite documents and notifications in connection with the sale of PACO Stock pursuant to this Agreement. Purchaser will make or cause to be made all such other filings and submissions under laws and regulations applicable to Purchaser, if any, as may be required of Purchaser for the consummation of the sale of PACO Stock pursuant to this Agreement. AMSTED will make or cause to be made all such other filings and submissions under laws and regulations applicable to AMSTED, if any, as may be required of AMSTED, for the consummation of the sale of PACO Stock pursuant The parties hereto will coordinate and to this Agreement. cooperate with one another in exchanging such information and reasonable assistance as may be requested in connection with all of the foregoing.

- Purchaser and PACO shall take all necessary action to eliminate and cease reference to and use of the names "AMSTED", "AMSTED Industries", "Baltimore Aircoil Company", "BAC", and shall not thereafter use such names in any form thereof or similar thereto in the conduct of its business, except that for a period of up to three (3) months after Closing, PACO may continue to use its current supply of business forms in existence or on noncancellable order as of the Closing Date, provided that PACO deletes all references to AMSTED or Baltimore Aircoil Company or BAC therefrom and at the end of said three (3) month period, PACO shall destroy any remaining business forms bearing those names which are then in PACO's possession.
 - 6.8 <u>Insurance</u>. No rights under insurance policies shall be transferred by this Agreement. On the Closing Date, Purchaser shall obtain such insurance for PACO as Purchaser in its sole discretion deems reasonable.
 - 6.9 Assumption of Certain Liabilities.
 - (a) Purchaser shall, at its own expense, take, or cause to be taken, all actions requested by AMSTED which are sufficient (in AMSTED's sole discretion) to release AMSTED from, and to cause Purchaser to assume, any further liability or obligation with respect to any guarantees, bid and performance bonds, surety bonds, letters of credit, leases, agreements, or other commitments of AMSTED or BAC relating to PACO which are listed on Schedule 6.9(a). In the event Purchaser cannot assume such liabilities on the Closing Date, AMSTED may allow Purchaser a

reasonable amount of additional time, not to exceed thirty (30) days after the Closing Date (or with respect to performance bonds, the expiration or renewal date), to assume such liabilities, provided that Purchaser shall indemnify AMSTED from any loss, damage or expense arising from such liabilities.

(b) AMSTED shall assume all PACO's liabilities, claims, expenses and obligations arising from (i) all Retained Taxes of PACO for the period ending on the Closing Date, (ii) all Retained Liabilities, (iii) any actual or alleged pollution or threat to the environment that was caused on or before the Closing Date or that arises out of events, conditions or circumstances that occurred or existed on or before the Closing Date, whether or not described in the Schedules, and whether or not AMSTED or Purchaser had actual notice thereof, provided that any pollution to the extent caused after the Closing Date or to the extent it arises out of events, conditions or circumstances that occurred or to the extent continued after the Closing Date shall be excluded, and (iv) any actual or alleged pollution or threat to the environment at any location other than the premises of the Business, alleged to have been caused on or prior to the Closing Date by the handling, transportation, treatment, storage or disposal of any pollutant, contaminant, chemical, or industrial, toxic, or hazardous substance or waste generated or produced in connection with PACO's or any previous owner's or operator's management, use, control, ownership or operation of the Business. After the Closing Date, Purchaser shall cause PACO to administer all warranty and other claims (except litigation) covered by subsection 6.9(b)(ii) with due care in the ordinary course of business subject to AMSTED's right to approve in advance any final settlement of such claims. AMSTED shall pay all out-of-pocket expenses arising therefrom. PACO shall use its best efforts to mitigate damages from matters assumed by AMSTED under this Section 6.9(b). AMSTED shall have any rights against third persons for indemnity or other claims arising from such matters.

- (c) To the extent not otherwise expressly provided in this Agreement, PACO shall retain, and AMSTED shall not assume or be obligated for any liability, claim, expense or obligation, direct or indirect, known or unknown, absolute or contingent, liquidated or unliquidated, and whenever arising, which is not expressly assumed by AMSTED pursuant to this Subsection 6.9(b) of this Agreement.
- dividends, or otherwise distribute cash, to AMSTED prior to the Closing. Schedule 6.10 is a complete and correct list of all bank and lockbox accounts of PACO (the "Company Accounts"), stating, with respect to each Company Account, whether it is a bank or lockbox agreement and the amount and type of assets held therein. As of the Closing Date, all PACO bank accounts shall be transferred to AMSTED. AMSTED shall deliver to Purchaser at the Closing such documentation as shall be required to transfer to Purchaser the sole authority to make withdrawals from the lockbox accounts after the Closing Date.

press release or make any public statement without prior consent of the other party, except for routine tombstone advertising after the Closing Date. AMSTED may give employees any notices that are necessary or advisable to terminate benefits under the AMSTED Plans as of the Closing Date after providing Purchaser with copies of any such notices and consulting with Purchaser.

6.12 Filing of Tax Returns and Payment of Taxes.

- (a) AMSTED will prepare and file all appropriate tax returns for Retained Taxes for the operations of PACO for all periods ending on or before the Closing Date, including, for those jurisdictions and tax authorities that permit or require a short period tax return, for the period ending on the Closing Date. The books and records of AMSTED and PACO will be maintained, and the federal, state and other income tax returns of the "affiliated group" [as defined in Section 1504(a) of the Internal Revenue Code of 1986 (the "Code")] of which AMSTED and PACO are members (the "AMSTED Group") will be filed, so as to accurately reflect the operations of AMSTED and its subsidiaries through the end of the Closing Date.
 - (b) AMSTED has paid, or will pay or cause to be paid all Retained Taxes that have accrued with respect to the operations of PACO through the Closing Date (the "Tax Indemnification Period"). In the case of those jurisdictions and tax authorities that do not permit a short period tax return for the period ending on the Closing Date, the Retained Tax liability will be prorated by Purchaser and AMSTED will pay its share of such

liability promptly upon notice by Purchaser. To the extent AMSTED does not pay Retained Taxes or cause them to be paid, AMSTED will indemnify and hold Purchaser harmless therefrom on an actual after-tax basis. Any Retained Taxes, penalties or interest attributable to the operations of PACO payable as a result of an audit of any tax return shall be deemed to have accrued in the period to which such Retained Taxes, penalties or interest are attributable. AMSTED will be entitled to any refunds of Retained Taxes (including interest thereon) payable with respect to the operations of PACO for any period included in the Tax Indemnification Period. For purposes of the two preceding sentences, any taxable period that does not end on the Closing Date shall be treated as having ended on the Closing Date. Refunds to which AMSTED is not entitled shall be retained by PACO or its subsidiaries, and shall not be paid to AMSTED. AMSTED shall not be entitled to any refunds attributable to carrybacks of tax benefits, including without limitation net operating losses, incurred by PACO after the Closing Date, and all such refunds must be paid over to PACO.

(c) Purchaser will pay or cause to be paid (i) all taxes other than Retained Taxes (whether accruing before or after the Tax Indemnification Period) and (ii) all taxes of any kind (including any interest or penalties thereon) that accrue with respect to the operations of PACO beginning after the Tax Indemnification Period, and will indemnify and hold AMSTED harmless therefrom on an actual after-tax basis.

- (d) Purchaser and AMSTED will cooperate fully with each other in connection with (i) the preparation and filing of any federal, state or local tax returns that include the business and operations of PACO with respect to any return that includes operations of PACO within the Tax Indemnification Period, and (ii) any audit examination by any government taxing authority of the returns referred to in clause (i). Such cooperation shall include, without limitation, the furnishing or making available of records, books of account or other materials of PACO necessary or helpful for the defense against assertions of any taxing authority as to any tax returns which include operations of PACO within the Tax Indemnification Period.
 - (e) AMSTED shall promptly notify Purchaser and PACO of any proposed adjustment of any item on any tax return of the AMSTED Group for any period included in the Tax Indemnification Period, if such proposed adjustment may affect the tax liability of PACO or Purchaser for any period beginning after the close of the Tax Indemnification Period. AMSTED shall advise Purchaser of the status of any conferences, meetings and proceedings with tax authorities or appearances before any court pertaining to such adjustment or adjustments, and shall advise Purchaser of the outcome of such proceedings. However, nothing herein shall entitle Purchaser to interfere with AMSTED's right to make any judgments or to take any actions it deems appropriate in connection with the disposition of any such proposed adjustments.
 - (f) The tax sharing agreement (if any) currently in effect among AMSTED and its subsidiaries (including PACO) shall

terminate as to PACO effective immediately prior to the Closing Date and there shall be no further liability of PACO or AMSTED under such agreement.

6.13 Accounts Receivable. Within ten (10) business days after the Closing Date, Purchaser will deliver to AMSTED a list of all accounts receivable, with the customer's name, address, phone number, the amount due, invoice number, invoice date and customer contact for all accounts which are unpaid outstanding as of Closing (hereinafter referred to as "Listed Accounts"). Purchaser shall use its best efforts to promptly collect the full amount of the Listed Accounts. After Closing, Purchaser and PACO will not ship goods to any Listed Account which has a balance due and unpaid ninety (90) days or more from the date of invoice unless the balance is unpaid because of a bona fide dispute between the customer and PACO. Purchaser will give AMSTED a monthly report of all Listed Accounts which remain outstanding. Six (6) months after the Closing Date, AMSTED shall purchase from Purchaser, all Listed Accounts which are then outstanding for the full amount of such Listed Accounts less any credit memoranda issued. All payments from customers shall be applied against the oldest invoice first unless there is a written bona fide dispute with respect to such invoice as of the Closing Date which is disclosed to AMSTED within thirty (30) days after the Closing Date. AMSTED shall have the right, but not the obligation, to purchase any outstanding Listed Account at anytime for the full amount of such Listed Account from the Date of Closing to the date of payment.

- 6.14 Loan Agreement. At least two (2) business days prior to Closing, Purchaser shall give AMSTED a true and complete copy of all notes, loan agreements, security agreements, mortgages or other evidences of indebtedness which are or are intended to provide part of the Purchase Price or to be secured by the common stock of Purchaser or the assets of PACO ("Loan Agreement"). The Loan Agreement shall provide that it cannot be amended without AMSTED's prior written approval if the amendment would impair or adversely affect any redemption or dividend rights of the holders of Series A Shares granted in Schedule 1.1(b) whether by direct provision or through financial covenants.
 - 6.15 License and Supply Agreement. At the Closing, PACO and Baltimore Aircoil Company, Inc. ("BAC") will enter into a License and Supply Agreement, in the form of Schedule 6.15 ("License and Supply Agreement").
 - 6.16 <u>Support Services</u>. At the Closing, PACO and BAC will enter into a Services Agreement, in the form of Schedule 6.16 ("Services Agreement").
 - fourth anniversary of the Closing Date, will not directly or indirectly own, or engage in or otherwise have an interest in a business that manufactures centrifugal pumps and pump parts currently manufactured or sold by PACO for so long as Purchaser carries on such activities, provided however, that this shall not preclude AMSTED or BAC from manufacturing or assembling centrifugal pumps and pump parts which are only sold by BAC or any other AMSTED division or subsidiary as a component or

replacement part consistent with past and current practices in other goods sold or manufactured by AMSTED or its divisions or subsidiaries provided however BAC shall only manufacture and assemble centrifugal pumps and pump parts pursuant to the License and Supply Agreement during the term thereof and in accordance therewith, provided however, that this shall not preclude AMSTED from acquiring or merging with any company which, as an incidental part thereof, manufactures centrifugal pumps and pump parts, in which case, AMSTED shall dispose of such centrifugal pump company within eighteen (18) months thereafter.

- b. The invalidity or nonenforceability of this Section 6.17 in any respect shall not affect the validity or enforceability of this Section 6.17 in any other respect or any other provision of this Agreement.
- 6.18 Stockholders' Agreement and Junior Preferred Stock. At least two (2) business days prior to Closing, Purchaser shall give AMSTED true and correct copies of all Stockholders' Agreements pertaining to the stockholders of PACO or Purchaser and true and correct copies of all preferred stock designations or other documents which fully describe the rights, obligations, dividends, redemption and priorities of a class of 12% Junior Preferred Stock of PACO ("Junior Preferred Stock") to be owned by Purchaser after the Closing Date.

7. CONDITIONS TO THE OBLIGATIONS OF PURCHASER

The obligations of Purchaser hereunder are each and all conditioned upon the happening of the following events or the existence of the following conditions at or during the respective times indicated below, namely:

- 7.1 No Misrepresentation or Breach of Covenants. On the Closing Date, all of the representations and warranties of AMSTED set forth in Article 4 above, shall be true and correct in all material respects, AMSTED shall have performed in all material respects all of the undertakings and commitments to be performed by it hereunder on or prior to the Closing Date, and there shall have been delivered to Purchaser and its lenders a certificate to such effect, dated the Closing Date and signed by the President or a Vice President of AMSTED.
 - 5.2 No Adverse Changes or Destruction. There shall have been, between the date hereof and the Closing Date, no material adverse change in the condition, financial or otherwise, of PACO provided that the loss of business or customers, if any, resulting from customer reaction to the transactions contemplated in this Agreement or to Purchaser shall not be deemed a violation of this condition and there shall have been delivered to Purchaser a certificate to such effect, dated the Closing Date and signed by the President or a Vice President of AMSTED.
 - 7.3 No Restraint. As of the Closing Date, no action, suit, judgment or proceeding by any governmental agency shall be pending against AMSTED or Purchaser to restrain, prohibit or otherwise challenge the legality of the transactions contemplated herein.
 - 7.4 Opinion of Counsel for AMSTED. On the Closing Date, Purchaser and its lenders shall have received from counsel for AMSTED (who may be an employee of AMSTED), an opinion dated the Closing Date and in form and substance satisfactory to Purchaser and its counsel, to the effect that:

- (a) PACO and AMSTED are duly organized and validly existing corporations in good standing under the laws of the State of Delaware and are duly qualified to transact business and are in good standing as foreign corporations in states where such qualifications are required, except in states where the failure to qualify would not have a materially adverse effect on the business, operations or financial condition of PACO or on this Agreement;
 - (b) AMSTED has the corporate power and authority to consummate the transaction provided for herein;
 - (c) this Agreement and the transactions contemplated herein have been duly approved and adopted by the Board of Directors of AMSTED and this Agreement has been duly and validly executed by AMSTED; all corporate and other proceedings required under the Delaware General Corporation Law or otherwise to be taken by or on behalf of AMSTED with respect to the execution and delivery of this Agreement and the consummation of the transactions contemplated herein have been duly taken; this Agreement is the legal, valid and binding agreement of AMSTED, enforceable against it in accordance with its terms;
 - (d) neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated herein, nor compliance with and fulfillment of the terms and provisions hereof (i) conflicts with or results in the breach of the terms, conditions or provisions of, or constitutes a default under, the Certificate of Incorporation or By-Laws of AMSTED or PACO or any agreement or instrument known to such counsel to which AMSTED or

PACO is a party or by which they are bound, or (ii) with respect to AMSTED or PACO, requires the consent, approval or authorization of any Federal, state or local court, governmental authority or regulatory body;

- (e) except for actions, suits, proceedings or investigations described in Schedule 4.9(a) hereto, such counsel does not know and has no reason to believe that (i) any action or lawsuit is pending against AMSTED which might result in a material adverse change in PACO, or (ii) any action or lawsuit by any governmental agency is pending which questions the legality, validity or propriety of this Agreement or of any action taken or to be taken by the parties hereto pursuant to or in connection with the execution, delivery and performance of this Agreement; and
 - (f) nothing has come to the attention of such counsel to indicate that any of the representations and warranties of AMSTED contained in this Agreement are untrue in any material respect;

In giving such opinion, such counsel may rely, as to matters of fact, upon certificates of officers of AMSTED or PACO, provided that such counsel shall state that he believes that he is justified in relying upon such certificates and shall deliver copies thereof to Purchaser prior to the Closing Date.

7.5 HSR Act. If necessary, AMSTED and Purchaser and any other "person" (as defined in the HSR Act) required in connection with the transactions contemplated hereby to file a Notification and Report Form for certain Mergers and Acquisitions with the

Department of Justice and the FTC pursuant to the HSR Act, shall have made such filing and all applicable waiting periods with respect to each such filing (including any extensions thereof) shall have expired or been terminated.

7.6 <u>Schedules</u>. Purchaser shall have accepted the Schedules, as updated as of the Closing Date, provided that Purchaser shall accept such Schedules unless the matters therein materially adversely affect PACO.

8. CONDITIONS TO THE OBLIGATIONS OF AMSTED

The obligations of AMSTED hereunder are each and all conditioned upon the happening of the following events or the existence of the following conditions at or during the respective times indicated below, namely:

- 8.1 No Misrepresentation or Breach of Covenants. On the Closing Date, all of the representations and warranties of Purchaser set forth in Article 5 above shall be true and correct in all material respects, Purchaser shall have performed in all material respects all of the undertakings and commitments to be performed by it hereunder on or prior to the Closing Date or other date required by this Agreement and there shall have been delivered to AMSTED a certificate to such effect, dated the Closing Date and signed by the President or a Vice President of Purchaser.
 - 8.2 Opinion of Counsel for Purchaser. On the Closing Date, AMSTED shall have received from counsel for Purchaser an opinion dated the Closing Date and in form and substance satisfactory to AMSTED and its counsel, to the effect that:

- (a) Purchaser is a duly organized and validly existing corporation in good standing under the laws of the State of Delaware and is duly qualified to transact business and is in good standing as a foreign corporation in states where such qualification is required, except in states where the failure to qualify would not have a materially adverse effect on the business, operation or financial condition of Purchaser or on this Agreement.
 - (b) Purchaser has the corporate power and authority to consummate the transactions provided for herein;
 - (c) this Agreement and the transactions contemplated herein have been duly approved and adopted by the Board of Directors of Purchaser and this Agreement has been duly and validly executed by Purchaser; all corporate and other proceedings required under the laws of Delaware or otherwise to be taken by or on behalf of Purchaser with respect to the execution and delivery of this Agreement and the consummation of the transactions contemplated herein have been duly taken; this Agreement is the legal, valid and binding agreement of Purchaser enforceable against it in accordance with its terms;
 - (d) neither the execution nor delivery of this Agreement nor the consummation of the transactions contemplated herein, nor compliance with and fulfillment of the terms and provisions hereof, (i) conflicts with or result in the breach of the terms, conditions or provisions of, or constitute a default under, the Certificate of Incorporation or By-Laws of Purchaser, or any agreement or instrument known to such counsel to which Purchaser

is a party or by which it is bound, or (ii) with respect to purchaser, requires the consent, approval or authorization of any federal, state or local court, governmental authority or regulatory body;

- (e) such counsel does not know and has no reason to believe that any action or lawsuit by any governmental agency is pending against Purchaser which questions the legality, validity or propriety of this Agreement or of any action taken or to be taken by the parties hereto pursuant to or in connection with the execution, delivery and performance of this Agreement; and
- (f) nothing has come to the attention of such counsel to indicate that any of the representations and warranties of Purchaser contained in this Agreement are untrue in any material respect.

In giving such opinion, such counsel may rely, as to matters of fact, upon certificates of officers of Purchaser, provided that such counsel shall state that he believes that he is justified in relying upon such certificates and deliver copies thereof to AMSTED prior to the Closing Date.

- 8.3 No Restraint. As of the Closing Date, no action, suit judgment or proceeding by any governmental agency shall be pending against AMSTED or Purchaser to restrain, prohibit or otherwise challenge the legality of the transactions contemplated herein.
- 8.4 HSR Act. If necessary, AMSTED and Purchaser and any other "person" (as defined in the HSR Act) required in connection with the transaction contemplated hereby to file a Notification

and Report Form for certain Mergers and Acquisitions with the Department of Justice and the FTC pursuant to the HSR Act shall have made such filing and all applicable waiting periods with respect to each such filing (including any extensions thereof) shall have expired or been terminated.

- 8.5 Approval of Loan Agreement. AMSTED, in its sole discretion, shall have approved the Purchaser's Loan Agreement and related documents, which approval shall not be unreasonably withheld.
- 8.6 Approval of Stockholders' Agreement. AMSTED, in its sole discretion, shall have approved the Stockholders Agreement between the Purchaser and the holders of the Series A Shares, which approval shall not be unreasonably withheld.
- 8.7 Approval of Junior Preferred Stock. Purchaser shall contribute capital of at least \$3,000,000 in cash to PACO and shall receive shares of Junior Preferred Stock of PACO. AMSTED, in its sole discretion, shall have approved the terms and conditions of the Junior Preferred Stock, which approval shall not be unreasonably withheld.

9. INDEMNIFICATION

(a) AMSTED covenants and agrees to indemnify, save and hold harmless Purchaser and each of its subsidiaries and parent corporations, and each officer and director and affiliate thereof, from and against any and all demands, claims, actions, liability, loss, cost or damage ("Loss") to Purchaser including interest, penalties, reasonable professional fees and out-of-pocket expenses necessarily incurred in defending or

prosecuting any claim for such Loss ("Expense") exceeding \$25,000 in the aggregate caused by (i) the inaccuracy as of the Closing Date of any representation or warranty of AMSTED which is contained in or made pursuant to this Agreement up to a maximum of \$4,000,000, or (ii) the breach by AMSTED of any covenant or agreement contained in or made pursuant to this Agreement, provided, however, that in either such case purchaser and PACO shall satisfy their obligations under Section 6.1(c);

- (b) Purchaser covenants and agrees to indemnify, save and hold harmless AMSTED and each of its subsidiaries and parent corporations, and each officer and director and affiliate thereof, from and against any and all Loss and Expense exceeding \$25,000 in the aggregate caused by (i) the inaccuracy as of the Closing Date of any representation or warranty of Purchaser which is contained in or made pursuant to this Agreement or (ii) the breach by Purchaser of any covenant or agreement contained in or made pursuant to this Agreement contained
 - party asserts is an indemnifiable event pursuant to this Article 9, the party claiming indemnification shall notify the indemnifying party promptly. If such event involves the claim of any third party and the remedy sought is solely money damages, the indemnifying party shall have sole control over, and shall assume all Expense with respect to, the defense or settlement of such claim; provided, however, that (i) the indemnified party shall be entitled to participate in (but not

control) the defense of such claim and to employ counsel at its own expense to assist in the handling of such claim, (ii) the indemnifying party shall obtain the prior written approval (which shall not be unreasonably withheld) of the indemnified party before entering into any settlement of such claim or ceasing to defend against such claim, if pursuant to or as a result of such settlement or cessation, injunctive or other equitable relief would be imposed against the indemnified party, and (iii) the indemnifying party shall not permit any lien, encumbrance or other adverse charge to exist upon any asset of the indemnified party or its subsidiaries except for liens, encumbrances or other adverse charges being contested in good faith.

If the indemnifying party does not assume sole control over the defense or settlement of such claim as provided in this Section 9(c), the indemnified party shall have the right to defend and settle the claim in such manner as it may deem appropriate at the cost and expense of the indemnifying party, and the indemnifying party will promptly reimburse the indemnified party therefor in accordance with this Article 9.

10. TERMINATION

- 10.1 <u>Termination</u>. This Agreement may be terminated at any time prior to the Closing.
 - (a) By mutual consent of AMSTED and Purchaser.
- (b) By either AMSTED or Purchaser if there has been a material misrepresentation or breach of warranty on the part of the other party in the representations and warranties set forth

in this Agreement, or if events have occurred which have made it impossible to satisfy a condition precedent to the terminating party's obligations to consummate the transactions contemplated hereby, or

- (c) By either Purchaser or AMSTED if the transactions contemplated hereby have not been consummated by January 29, 1988, provided that neither Purchaser nor AMSTED will be entitled to terminate pursuant to this Section 10.1 if such person's willful breach of this Agreement has prevented the consummation of the transactions contemplated hereby.
- 10.2 Effect of Termination. In the event of termination of this Agreement by either Purchaser or AMSTED as provided above, this Agreement will forthwith become void and there will be no liability on the part of either Purchaser or AMSTED, except for willful breaches of this Agreement prior to the time of such termination.

11. MISCELLANEOUS

understood and agreed that the representations and warranties. It is understood and agreed that the representations and warranties of the parties hereto shall survive the Closing Date for eighteen (18) months, provided that all representations and warranties of the parties relating to environmental and tax matters and relating to Sections 6.14, 6.15 and 6.16 will survive for the applicable statute of limitations applying thereto. Thereafter, no claims for indemnification under Section 9 may be brought by either party respecting such representation and warranties. The waiver of any condition of closing or enforcement of any

condition of closing by refusing to close shall not affect the rights of the parties to damages for breach of this Agreement.

11.2 Cooperation After Closing. After Closing, the parties will cooperate to fully perform all obligations hereunder.

11.3 Notices. Any and all notices, demands or other communications under or with respect to this Agreement shall be in writing and served or made by delivering the same in person or by mailing the same post paid, by registered or certified mail, and the same shall be considered to have been given when so delivered or postmarked, to the person to whom such notice, demand or other communication is directed, addressed to the parties hereto at the following addresses, or such other address for a party as may be designated by notice pursuant hereto:

If to AMSTED:

AMSTED Industries Incorporated 205 N. Michigan Avenue-44th Floor Chicago, Illinois 60601

Attention: O. J. Sopranos Vice President

with a copy to:

AMSTED Industries Incorporated 205 N. Michigan Avenue-44th Floor Chicago, Illinois 60601

Attention: T. C. Berg

Assistant Secretary and Senior Attorney

If to Purchaser:

The Jordan Company 315 Park Avenue South New York, New York 10010

Attention: J. Boucher

With a copy to:

Mayer, Brown & Platt 520 Madison Avenue New York, New York 10022

Attention: J. B. Carlson

- 11.4 Entire Agreement; Amendment. This Agreement and the Schedules hereto, the Pump Parts Purchase Pact and the Confidentiality Agreement embody the entire agreement and understanding between the parties and supersede all prior agreements and understandings relating to the subject matter hereof. There are no restrictions, promises, representations, warranties, covenants or undertakings, other than those expressly set forth herein. No modification, amendment or other change in this Agreement shall be effective unless in writing and signed by each of the parties hereto.
 - binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, provided that neither party shall assign its rights and obligations under this Agreement without the prior written consent of the other party, except that Purchaser may grant a security interest in its rights hereunder to its lenders under the Loan Agreement.
 - 11.6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of Illinois (regardless of the laws that might otherwise govern under applicable Illinois principles of conflicts of law) as to all matters, including, but not limited to, matters of validity, construction, effect, performance and remedies.

- 11.7 No Waiver. No waiver of any default shall operate as a waiver of any other default or of the same default on a future occasion.
- Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.
- 11.9 No Rights in Third Parties. This Agreement is intended solely for the benefit of AMSTED and the Purchaser and shall not confer any rights or remedies upon any other person.
- 11.10 <u>Headings</u>. Section headings are for the convenience of reference only, and shall not affect in any way the interpretation of any of the provisions of this Agreement.
- 11.11 <u>Limitation</u>. All actions for breach of this Agreement shall be commenced within one (1) year after the cause of action accrued.
 - 11.12 Knowledge. "To the knowledge of AMSTED" as used herein shall mean to the best knowledge and understanding of

O. J. Sopranos, G. B. Montgomery, W. D. McCloskey and T. C. Berg at the time of the representation or warranty.

IN WITNESS WHEREOF, AMSTED, and Purchaser executed this Agreement as of the date and year first above written.

AMSTED INDUSTRIES INCORPORATED

By: Vice President

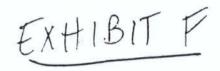
ATTEST:

Assistant Secretary

PACO HOLDINGS, INC.

By: Article

ATTEST:

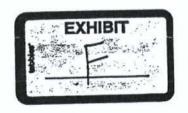


ASSUMPTION OF LIABILITIES

Subject to all the terms and conditions of a Stock Purchase Agreement for the stock of PACO Pumps, Inc. ("PACO") dated as of November 30, 1987 as amended on December 23, 1987 (the "Agreement"), AMSTED Industries Incorporated, a Delaware corporation, hereby assumes and agrees to perform, in accordance with its terms, all obligations and liabilities to be assumed or retained by AMSTED under the Agreement, including, without limitation, the following liabilities, claims, expenses and obligations of PACO arising from:

- 1. All Retained Taxes;
- All Retained Liabilities;
- 3. Any actual or alleged pollution or threat to the environment that was caused on or before the Closing Date or that arises out of events, conditions or circumstances that occurred or existed on or before the Closing Date, whether or not described in the Schedules to the Agreement, and whether or not AMSTED or Purchaser had actual notice thereof, provided that any pollution to the extent caused after the Closing Date or to the extent it arises out of events, conditions or circumstances that occurred or to the extent continued after the Closing Date shall be excluded; and
- 4. Any actual or alleged pollution or threat to the environment at any location other than the premises of the Business, alleged to have been caused on or prior to the Closing Date by the handling, transportation, treatment, storage or disposal of any pollutant, contaminant, chemical, or industrial, toxic, or hazardous substance or waste generated or produced in connection with PACO's or any previous owner's or operator's management, use, control, ownership or operation of the Business.
- 5. Welfare and pension benefits as provided in Article 3 of the Agreement.

After the Closing Date, Purchaser shall cause PACO to administer all warranty and other claims (except litigation) covered by this Assumption with due care in the ordinary course of business subject to AMSTED's right to approve in advance any final settlement of such claims. AMSTED shall pay all out-of-pocket expenses arising therefrom. PACO shall use its best efforts to mitigate damages from matters assumed by AMSTED under this Assumption. AMSTED shall have any rights against third persons for indemnity or other claims arising from such matters.



To the extent not otherwise expressly provided in the Agreement, PACO shall retain, and AMSTED shall not assume or be obligated for any liability, claim, expense or obligation, direct or indirect, known or unknown, absolute or contingent, liquidated or unliquidated, and whenever arising, which is not expressly assumed by AMSTED pursuant to Subsection 6.9(b) of the Agreement.

Terms defined in the Agreement and not otherwise defined herein shall have the same definitions as set forth in the Agreement.

December <u>3</u>, 1987

AMSTED INDUSTRIES INCORPORATED

By:

Vice /President

ATTEST:

Assistant Secretary

D.



Portland, Oregon

The PACO Pump facility located in Portland, Oregon had a suspect soil contamination located near the railroad tracks near the facility which was remediated in 1987. See Earth Tech reports on this matter.